



BACAU CITY HALL



Annual financial report as of December 31st 2019



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- Budgetary provisions for 2019

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- The dynamics of the expenditures performed in the period of 2015 - 2018
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- Budgetary provisions for 2019

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Glossary of terms

Disclaimer

Context: Legislative changes with effect on local budgets - at country level (2017 - 2020)



Provisions of the general framework:

2017: GEO nr. 2/06.01.2017; Law-framework 153/2017; GD 846/2017: increase of the Staff costs

2018: GEO 79/2017:

- decrease of the Tax of revenues from 16%, the level until December 2017, to 10%, from January 1, 2018;
- modification of the fiscal framework regarding the transfer from employer to employee; possible modifications regarding the alignment no. of positions;
- regarding some fiscal-budgetary measures, the modification and filling of some normative acts and the prorogation of deadlines: "starting with 2018, from the state budget, through the budget of the Ministry of National Education, it is ensured, for the units of state pre-university education, the financing of staff costs, bonuses, allowances and other remuneration rights paid in cash, established by law".

Until 2018, these expenditures were reflected through the local budgets, provided by Sums deducted from VAT for financing the expenditures.

Capita: 2019 (01.01.2018); 2020:01.01.2019

Provisions through changes found in the level of allocations from the State Budget; Through annual law of the State Budget (Annex 1: Evolution table)

• For 2017:

I. Quotas and amounts deducted from the income tax: (distribution 71,5%)

1. Quotas deducted from the income tax: without changes to the allocation percentage, the variations being calculation basis data: **(41,75%)**
2. Sums allocated from the quotas deducted from income tax for balancing: **(18,5%)**

Although the allocation percentage was not changed, the way of distributing the balancing sums was impacted, respectively for the 73% of the 18,5% quota, of which 80% allocation for LPA, it was distributed differently, respectively:

In 2016, based on Law 273, respectively in 2 steps: Distributed between communes, cities and municipalities with an average per capita tax lower than the country average; The remaining amounts are distributed among municipalities.

In 2017, State budget Law, 3 criteria:

- o 20% for payment of the arrears, according tot the County Council Decision;
 - o 20% of the amount is distributed according to the weight of the area from the administrative-territorial units of the county within the total area from the county;
 - o 60% from the sum it is distributed in successive steps, to communes, cities and municipalities that have an average income tax per capita lower than the county average, in order to equalize the individual averages.
3. The Local Budget of the County : **(11,25%)**

• For 2018:

I. Quotas and amounts deducted from the income tax: (distribution 71,5%)

1. Quotas deducted from the income tax: change of the allocation percentage, increase to **43%** from 41,75%;

At the same time, the decrease for the calculation base by decreasing the income/profit tax rate from 16%, in force at December 2017, to 10%, starting with January 1, 2018 (GEO 79/2017). Thus, the increase of allocation percentage was outweighed by the decrease in the collection base.

2. Sums allocated from the quotas deducted from income tax for balancing: Decrease of the allocation quota to **17,25%** from 18,5%

Modification of the distribution mode:

- 27%: at CC fully distributed to ensure a minimum operating budget of lei 250/capita;
- 73%: for balancing, minimum lei 1.000.000 for communes and ensuring a minimum operating budget up to lei 750/.

3. The Local Budget of the County: **(11,25%)**

II. Value added tax for balancing based on the values allocated through the State Budget at year level.

In 2018: It was considered to ensure a minimum Operating Budget (Quotas+Balancing sums+Balancing VAT) of lei 250/capita;



Changes retrieved in the level of the State Budget allocations; Through annual law of the State Budget

For 2019:

I. Quotas and amounts deducted from the income tax: distribution 100%

1. Quotas deducted from the income tax: change of the allocation percentage, increase to **60%**;
2. Sums allocated from the quotas deducted from income tax for balancing: quota of **17,5%** (increase from 17,25%)

Minimum allocation by type of local public authority, respectively:

County: lei 450/capita, but not more than lei 275 mil/year/county;

Municipality: not less than lei 12 mil/year/municipality;

City: not less than lei 6 mil/year/city;

Commune: not less than lei 2 mil/year/commune.

3. Equally, the fund is available to the County Councils: **8%**
4. The Local Budget of the County: **15%**

II. Value added tax: level allocated RON 14.792,30,40 mil (vs. RON 13.340,60 mil in 2018).

The administrative-territorial units whose amounts distributed in 2019 from the Tax on revenues and from Sums deducted from VAT for balancing are smaller than the level of the same amounts, excluding the Sums allocated from the quotas deducted from income tax to balance the local budgets allocated from the Reserve Fund available to the Government, approved in the year 2018, is distributed to them Sums deducted from value added tax, for balancing the local budgets, approved with this destination.

For 2020:

I. Quotas and amounts deducted from the income tax: distribution 100%

1. Quotas deducted from the income tax: change of the allocation percentage, increase to **63%**;
2. Sums allocated from the quotas deducted from income tax for balancing: quota of **14%** (decrease from 17,5%)

Allocation: 15%: County; si 85%: Communes, Cities and Municipality.

3. Equally, the fund is available to the County Councils: 6%
4. The Local Budget of the County: **15%**
5. In a separate account, distributed by Government Decision for the financing of the public institutions of shows and concerts under the subordination of the local public administration from counties, respectively theaters, opera and philharmonics: **3%**

II. Value added tax: allocated level RON 15.078,40 mil(vs. RON 14.792,30 mil in 2019), of which for balancing RON 8.164,80 mil (criteria: ATU with estimated revenues at I.1 < lei 830/capita/year and respectively lei 1.500 th lei/ATU).

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.

Sursa: <https://ro.wikipedia.org/>;

| Territorial administration | North - East Region | Bacau County | Bacau City |
|---|---------------------|----------------|----------------|
| Territorial area (km ²)-YE2014 | 36,850 | 6,621 | 43 |
| Green areas - municipalities/cities (ha) - | 3,159 | 789 | 385 |
| Public sewerage system (km) - YE2015 | 3,736 | 703 | 213 |
| Population (July 1st, 2018) | 3,959,219 | 742,053 | 197,386 |
| Gender distribution | | | |
| female | 1,986,119 | 375,078 | 103,446 |
| male | 1,973,100 | 366,975 | 93,940 |
| Distribution by age categories | | | |
| 0-19 years | 876,552 | 157,329 | 36,671 |
| 20-44 years | 1,492,113 | 275,491 | 75,324 |
| 45-59 years | 783,039 | 153,962 | 42,815 |
| 60 years and above | 807,515 | 155,271 | 42,576 |
| Distribution by environment | | | |
| urban | 1,801,000 | 351,612 | 197,386 |
| rural | 2,158,219 | 390,441 | - |
| Work force (th, YE 2017) | | | |
| Civil employment | 1,124 | 198 | - |
| Average employee number | 554 | 106 | 61 |
| Unemployment rate (January 2018) | 4.8% | 6.0% | - |
| National economy | | | |

| | Q4 2017 | Q4 2018 |
|--|-----------|-----------|
| Quarterly GDP - CAEN code Rev. 2 - current prices (mil. ron) | 258,703.6 | 285,595.8 |

| Regional economy (2016) | N-E Region | Bacau County |
|---|---------------|---------------|
| Turnover of local businesses (mil. RON), out of which: | 89,445 | 17,159 |
| Manufacturing industry | 26.9% | 24.4% |
| Constructions | 6.9% | 8.3% |
| Commerce | 47.6% | 52.7% |
| Transports and storage | 5.8% | 4.2% |
| Other services | 12.7% | 10.5% |

Sursa: <http://www.inse.ro/cms/>;

| Infrastructure |
|---|
| European Corridor |
| 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. |
| Railway network |
| 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 – Bicaz route. The railway thoroughfare 500 is included in the European railway network TEN – T. |
| Roads network |
| Regarding the roads network, the Bacau County is crossed by 8 national roads, the most important ones intersecting with the European road E 574. |
| Airline network |
| 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 |

Data Source: *Bacau County Development Strategy Strategia 2014 - 2020*;

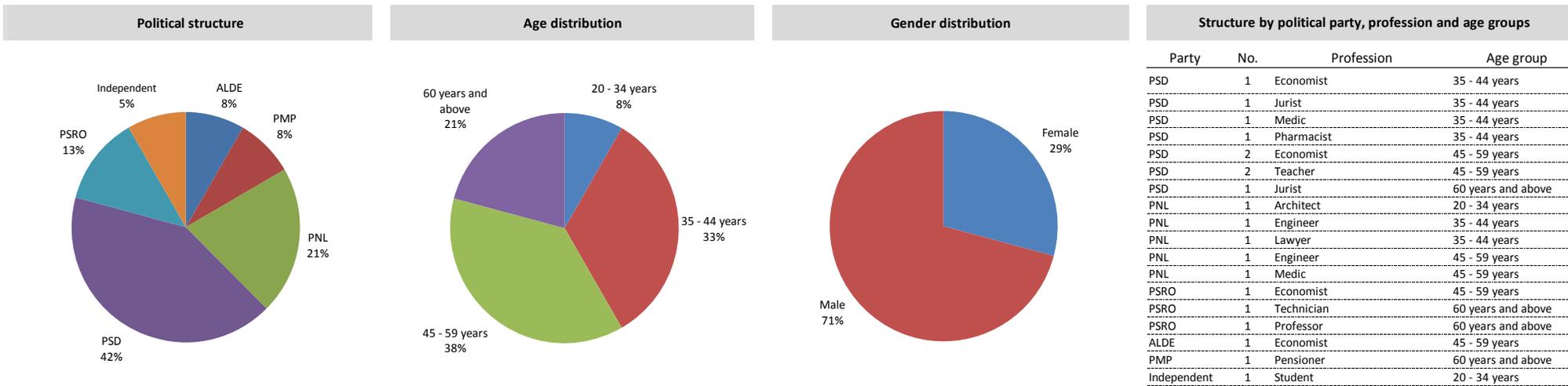
| Ratios 2019* | Municipalities - district capitals | | | | | |
|--|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | Bacau | Botosani | Iasi | Piatra Neamt | Suceava | Vaslui |
| Total revenues | 287,665 | 176,527 | 662,400 | 161,830 | 247,362 | 113,911 |
| Own revenues | 229,548 | 120,731 | 509,772 | 117,364 | 176,004 | 72,456 |
| Own revenues % TR | 79.8% | 68.4% | 77.0% | 72.5% | 71.2% | 63.6% |
| Quotas and sums deducted from the income tax | 128,716 | 64,164 | 311,629 | 62,438 | 91,963 | 41,511 |
| Sums deducted from VAT | 53,258 | 43,944 | 65,608 | 38,417 | 59,843 | 37,623 |
| Subsidies | 850 | 8,448 | 37,314 | 5,309 | 352 | 2,572 |
| Sums received from EU | -4,517 | 3,170 | 49,683 | 680 | 10,646 | 984 |
| Total expenditures | 310,961 | 180,268 | 686,907 | 161,629 | 250,584 | 116,899 |
| Operational expenditures | 245,956 | 149,675 | 492,344 | 114,113 | 204,073 | 101,375 |
| Operational expenditures %TE | 79.1% | 83.0% | 71.7% | 70.6% | 81.4% | 86.7% |
| Investment expenditures, out of which: | 31,558 | 17,887 | 152,332 | 14,912 | 28,840 | 13,987 |
| Capital expenditure | 26,391 | 10,719 | 81,414 | 14,907 | 17,815 | 11,702 |
| Non - refundable external funds | 3,257 | 3,240 | 61,584 | 5 | 10,890 | 2,285 |
| Financial expenditures* | 33,447 | 12,706 | 42,231 | 32,604 | 17,671 | 1,538 |
| Current result (the result of the period) | -23,296 | -3,741 | -24,506 | 200 | -3,222 | -2,988 |
| Capita, as of 01.07.2018 | 197,097 | 119,793 | 382,767 | 112,451 | 124,896 | 125,780 |

*) Data source: <http://www.transparenta-bugetara.gov.ro/transparenta-bugetara/index.htm>

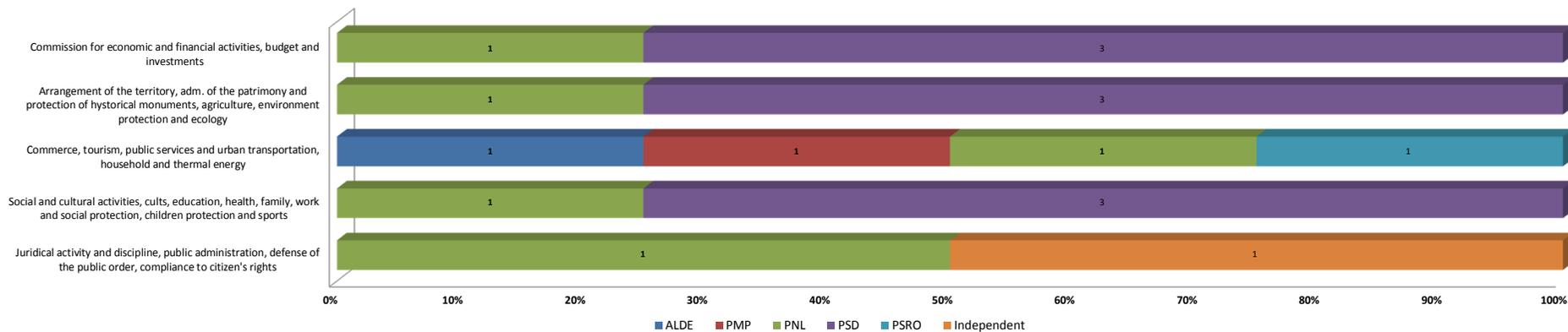


General overview

The Local Council of the Municipality of Bacau at June 30th, 2019



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 40 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 62 years old and an engineer, whereas Mr. Stefan represents the Alliance of the Liberals and Democrats, is 42 years old and an economist.
- Mr. Popovici Nicolae is the Secretary of the Municipality of Bacau, is 50 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.**
- **Public Utilities Municipal Service Bacau.**



Sursa: <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 Scolar" 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.

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.

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 376 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).



Cultural and social environment

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 Ghiocelilor Alley No. 2, with a capacity of 210 places.

Through LCD no. 327/31.08.2018 it was approved the Project "Come to P(revent).A(compain).S(upport).beside us" - project financed by UNICEF in amount of RON 20,000 and the City Hall of Bacau Municipality in amount of RON 10,000. The project aims to offer integrated services for vulnerable children and their families, promoting a healthy lifestyle, prevention of school drop, vaccination a total of 20 children, protection and accommodation of mothers in emergency situations by hosting them in specialized residential centers.

Environment protection

Through LCD no. 430/06.11.2018 it was approved the Project - Creating an infrastructure support business incubation hub for youth -Orizont cinema - having a total value of RON 21,370,616.88, out of which the City Hall of Bacau Municipality participates with RON 11,836,559.18. The main goals are: compliance with emission standards of the large combustion plants in the city of Bacau, modernization, rehabilitation and reorganization of the leisure area Insula -Bacau to become a tourist area, the improvement of the current situation of infrastructure in the urban space, improving living conditions and labor standards, promote social inclusion, fighting poverty and all forms of discrimination, introduction / expansion of systems, tools and processes for quality management and performance, creating local or regional partnership structures, a favorable and sustainable environment for small and medium businesses and for the most innovative ones, stimulating the development potential and sustainability, helping them to grow in the early days when they are most vulnerable.

Local Development

Through LCD no. 424/29.10.2018 it was approved the Project - Implementing an IT platform with back-office and front-office components, as administrative simplification and optimization of service delivery for citizens in the city of Bacau; funded in the amount of RON 2,957,517.57 by the European Union and co-financed by the City Hall of Bacau Municipality with RON 59,150.16. The main objectives are: compliance with the emission standards of the large combustion plants in the city of Bacau, promoting social inclusion and combating poverty and all forms of discrimination in Bacau, introduction / expansion of systems, tools and processes for quality management and performance, increase administrative efficiency by implementing innovative information systems.

Through LCD no. 430 of 11.06.2018 it was approved the project - Creation of an infrastructure for business support Youth Hub - Horizon cinema - with a total value of 21,370,616.88 lei, out of which the grant is 9,534,057.70 lei. Start date is 05.29.2019, it will be finalized on 23.03.2023. Business Incubator will serve to support early-stage business development activities. The incubator will provide a favorable environment for business development by facilitating networking activities, transfer of know-how and by providing support in developing partnerships. The overall objective of the project is the development of entrepreneurship in the city and in the region by supporting entrepreneurship in the creative development of local economic competitiveness and strengthening the market position of SMEs. Specific objectives are to create and develop a business incubator for stimulating entrepreneurial environment locally and in the region, increasing employment of incubator up to 70% of companies resident until the end of the implementation period, increasing the number of jobs created at least one employee per enterprise incubated and accelerated by the end of project implementation.

On 10.10.2019, Bacau municipality decided the implementing of a project in partnership with Local Development Agency Bacau. It consists in the first modern traffic management in Bacau for prioritizing corridors for local public transport and cycling. The total investment is 91,429,550.68 lei, and the execution period of the investment is 36 months, including 24 months for execution. Through this Project will be created and expanded traffic management systems, subsystems and sub-activities consist of the following: CCTV video monitoring systems; Warning systems and adaptive and synchronized traffic lights; The tracking of public transport and urban management; Real-time information systems for passengers; Subsystems software application for real time information for users of the public means of transport, including software for trip planning; Other information systems; Placing sensors to detect vehicles; Equipment of control for traffic management, with specific software and hardware components; Works punctual rehabilitation / modernization of road infrastructure in the intersection; Subsystems for sanctioning violations of traffic rules and street planning through modules and application with specific equipment; Fiber optic network to ensure communications system between points and traffic lights and Order Management Center.



Part I: Summary of budgetary evolutions

- Balance of revenues and expenditures in the period of 2016 - 2019
- Structure of revenues and expenditures in 2019

Balance of revenues and expenditures in the period of 2016 - 2019

'000 RON



| | 2016 | 2017 | % | 2018 | % | 2019 | % |
|--|-------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| TOTAL REVENUES | 347,508.9 | 395,710.5 | ▲ 13.9% | 245,589.1 | ▼ -37.9% | 287,664.8 | ▲ 17.1% |
| TOTAL EXPENDITURES | 323,665.9 | 402,305.2 | ▲ 24.3% | 272,215.9 | ▼ -32.3% | 318,858.9 | ▲ 17.1% |
| Operational Revenues | 336,238.8 | 398,494.1 | ▲ 18.5% | 242,766.1 | ▼ -39.1% | 290,713.6 | ▲ 19.8% |
| Tax revenues | 293,836.9 | 354,920.6 | ▲ 20.8% | 199,122.5 | ▼ -43.9% | 234,369.6 | ▲ 17.7% |
| Own tax revenues | 151,246.9 | 171,086.2 | ▲ 13.1% | 149,394.2 | ▼ -12.7% | 181,111.3 | ▲ 21.2% |
| Sums deducted from VAT | 142,590.0 | 183,834.4 | ▲ 28.9% | 49,728.3 | ▼ -72.9% | 53,258.3 | ▲ 7.1% |
| Non - tax revenues, out of which: | 41,800.9 | 43,552.0 | ▲ 4.2% | 43,643.1 | ▲ 0.2% | 56,337.1 | ▲ 29.1% |
| Non - tax own revenues | 20,973.1 | 20,305.3 | ▼ -3.2% | 18,947.8 | ▼ -6.7% | 21,055.4 | ▲ 11.1% |
| Donations and sponsorships | 1.3 | 1.1 | ▼ -15.4% | 0.3 | ▼ -77.3% | 0.0 | ▼ -86.5% |
| Current subsidies | 13.7 | 21.6 | ▲ 57.3% | 0.5 | ▼ -97.8% | 6.9 | ▲ 1352.9% |
| Operational Expenditures (OPEX), out of which: | 266,332.7 | 351,900.1 | ▲ 32.1% | 215,221.8 | ▼ -38.8% | 245,956.1 | ▲ 14.3% |
| Staff costs (PEREX) | 136,817.2 | 173,796.0 | ▲ 27.0% | 50,896.3 | ▼ -70.7% | 64,431.0 | ▲ 26.6% |
| Goods and services* | 74,361.1 | 88,386.1 | ▲ 18.9% | 80,386.7 | ▼ -9.1% | 102,096.3 | ▲ 27.0% |
| Current transfers | 22,441.1 | 24,237.0 | ▲ 8.0% | 33,046.6 | ▲ 36.3% | 48,028.3 | ▲ 45.3% |
| Social assistance | 18,618.2 | 21,583.4 | ▲ 15.9% | 22,412.1 | ▲ 3.8% | 23,452.4 | ▲ 4.6% |
| Subsidies | 6,000.0 | 35,085.6 | ▲ 484.8% | 21,149.4 | ▼ -39.7% | 4,000.0 | ▼ -81.1% |
| Other expenditures | 8,095.1 | 8,811.9 | ▲ 8.9% | 7,330.8 | ▼ -16.8% | 3,948.1 | ▼ -46.1% |
| Operational Result | 69,906.1 | 46,594.1 | ▼ -33.3% | 27,544.3 | ▼ -40.9% | 44,757.5 | ▲ 62.5% |
| Operational Surplus (% from OPEX) | 26.2% | 13.2% | | 12.8% | | 18.2% | |
| Operational Deficit (% from Op. revenues) | - | - | | - | | - | |
| Investment Revenues | 11,270.2 | 2,783.7 | ▼ -124.7% | 2,822.9 | ▼ -201.4% | 3,048.8 | ▲ 34.9% |
| Capital revenues | 693.8 | 621.0 | ▼ -10.5% | 463.6 | ▼ -25.3% | 625.6 | ▲ 34.9% |
| Capital subsidies | 5,197.5 | 1,144.3 | ▼ -122.0% | 2,180.4 | ▼ -290.5% | 843.1 | ▼ -61.3% |
| Sums received from the EU | 5,319.3 | 2,260.3 | ▼ -142.5% | 178.9 | ▼ -107.9% | 4,517.5 | ▲ 34.9% |
| Investment Expenditures (CAPEX), out of which: | 18,871.5 | 18,207.1 | ▼ -3.5% | 20,561.7 | ▲ 12.9% | 30,232.3 | ▲ 47.0% |
| Capital transfers | 420.9 | 137.8 | ▼ -67.3% | 670.1 | ▲ 386.4% | 584.1 | ▼ -12.8% |
| Projects with EU financing | 10,300.5 | 6,115.6 | ▼ -40.6% | 3,661.7 | ▼ -40.1% | 3,257.4 | ▼ -11.0% |
| Capital expenditures | 8,150.2 | 11,953.8 | ▲ 46.7% | 16,229.9 | ▲ 35.8% | 26,390.8 | ▲ 62.6% |
| Result from the investment activity | - 7,601.4 | - 20,990.8 | | - 17,738.7 | | - 33,281.1 | |
| Financial Revenues | - | - | - | - | - | - | - |
| Financial operations | - | - | - | - | - | - | - |
| Financial Expenditures | 38,461.7 | 32,198.0 | ▼ -16.3% | 36,432.5 | ▲ 13.2% | 42,670.5 | ▲ 17.1% |
| Commissions related to loans | 33,758.5 | 28,000.6 | ▼ -17.1% | 29,563.9 | ▲ 5.6% | 33,446.6 | ▲ 13.1% |
| Interests | 31.2 | 80.8 | ▲ 159.4% | 583.5 | ▲ 622.1% | 154.8 | ▼ -73.5% |
| Reimbursement of loans | 4,672.1 | 4,116.6 | ▼ -11.9% | 6,285.0 | ▲ 52.7% | 9,069.1 | ▲ 44.3% |
| Financial Result | - 38,461.7 | - 32,198.0 | | - 36,432.5 | | - 42,670.5 | |
| Result of the period | 23,843.0 | 6,594.7 | | 26,626.9 | | 31,194.1 | |
| Surplus (% from Total Expenditures) | 7.4% | - | | - | | - | |
| Deficit (% from Total Revenues) | - | 1.7% | | 10.8% | | 10.8% | |
| Previous result | 26,801.7 | 50,644.6 | ▲ 89.0% | 44,049.9 | ▼ -13.0% | 17,423.0 | ▼ -60.4% |
| Current result (Previous result + Result of the period) | 50,644.6 | 44,049.9 | ▼ -13.0% | 17,423.0 | ▼ -60.4% | 13,771.1 | ▼ -179.0% |
| Own revenues/Operational revenues (%) | 57.6% | 54.0% | | 79.7% | | 81.9% | |
| OPEX/Own revenues (%) | 137.5% | 163.5% | | 111.2% | | 103.3% | |
| (OPEX-PEREX, from Education&Insurance and social assistance)/(O. Rev.-Quotas deducted from the income tax) (%) | 160.7% | 215.0% | | 205.4% | | 198.5% | |

*) 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;

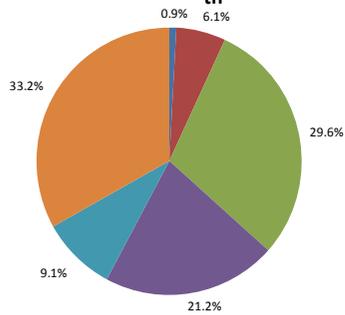
Balance of revenues and expenditures in the period of 2016 - 2019

'000 RON

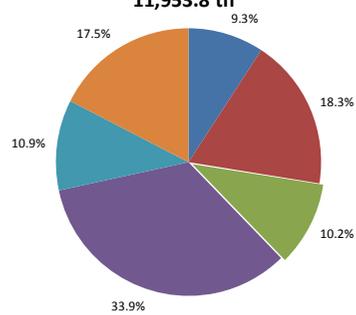


The **Operating result** recorded an downward evolution during 2016 - 2018, followed by an increase in the base year 2019 (to a value of RON 44,792.5 th). The operating result for 2017 recorded lower values compared to 2016 due to the accelerated spending growth (+32.1%), compared to the increase of revenues (+18.5%). In 2019, the operating result was 62.6% above the level of 2018, due mainly to the 19.8% increase in revenues. The result from the **investment activities** was negative at the end of each financial year, with a significant decrease at the end of 2018, due to the increase of the Capital transfers (+386.4%) and the decrease of the Capital subsidies (-290.5%). The most pronounced deficit was recorded in the current year, respectively of RON 33,281.1 th, due to negative investment revenues (in amount of -RON 3,048.8 th), compared with 47% expenditures growth related.

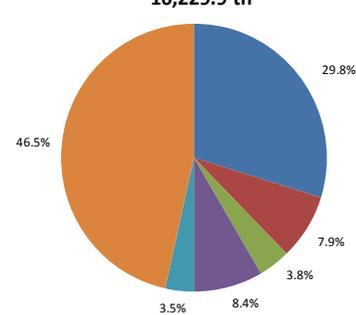
2016, Capital Expenditures = RON 8,150.2 th



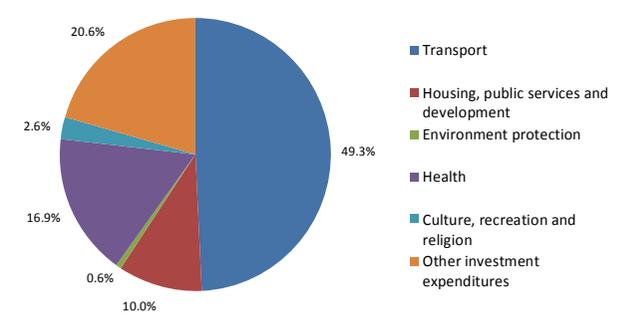
2017, Capital Expenditures = RON 11,953.8 th



2018, Capital Expenditures = RON 16,229.9 th



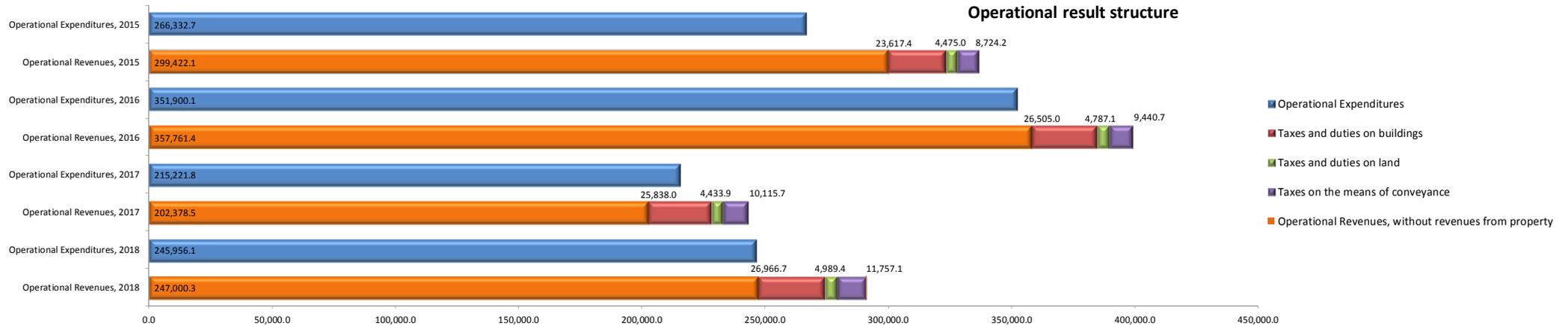
2019, Capital Expenditures = RON 26,390.8 th



The Financial expenses marked an oscillating evolution, mainly determined by the evolution of the loan reimbursements expenses. In 2016, payments made marked a significant level (in amount of RON 33,758.5 th), mainly as a result of the reimbursements made for credits contracted from the Ministry of Finance. The year 2017 ends with a deficit amounting to RON 28,000.6 th, represented entirely by the financial expenses (the financial income was not recorded in the period under review), following that the year 2018 will also end with a deficit reaching RON 29,563.9 th, decreasing in 2019 to RON 33,446.6 th due to the increased of Interest expenditures (+44.3%).

Year 2019 ended with a Final result (current cumulative surplus) amounting to RON 11,233.3 th, down by 66.1% compared to the previous year. It had a downward trend, with a maximum recorded in 2016 up to RON 55,324.2 th, in close correlation with the operating result.

Operational result structure

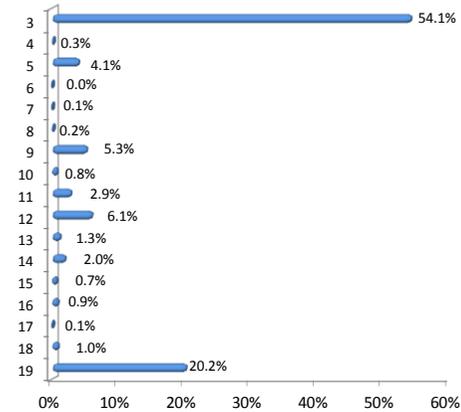


Structure of revenues and expenditures at December 31st 2019

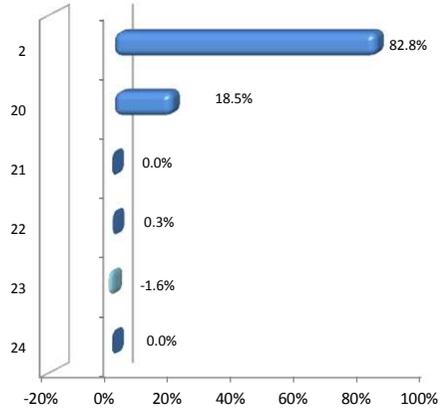
'000 RON



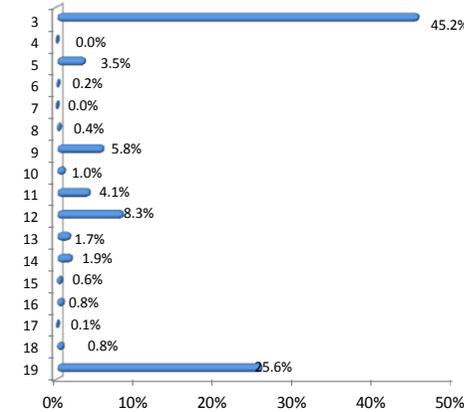
The structure of performed own revenues
238,073.9



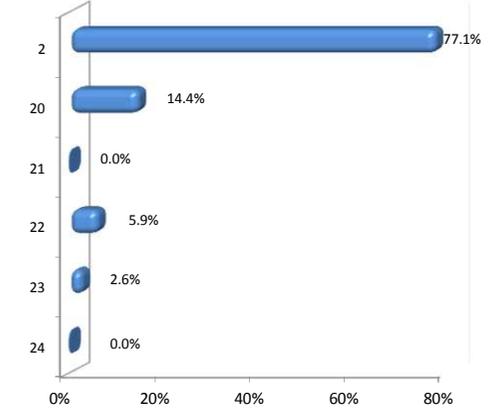
The structure of performed total revenues
287,664.8



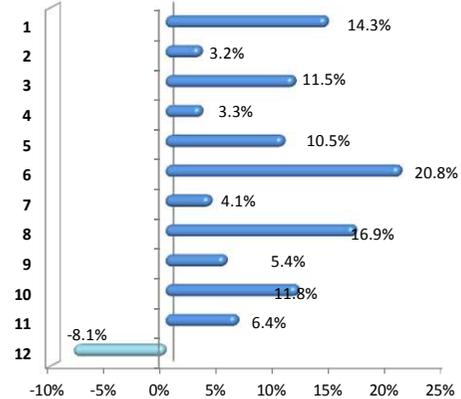
The structure of the rectified own revenues
284,595.7



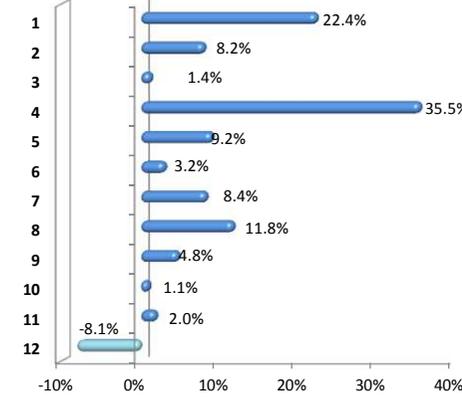
The structure of the rectified total revenues
369,159.9



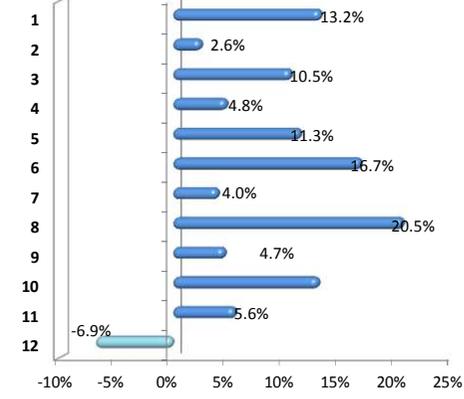
The structure of the performed functional expenditures
287,664.8



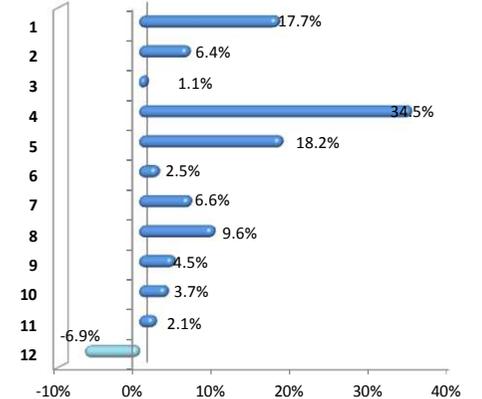
The structure of the performed economic expenditures
287,664.8



The structure of the rectified functional expenditures
369,159.9

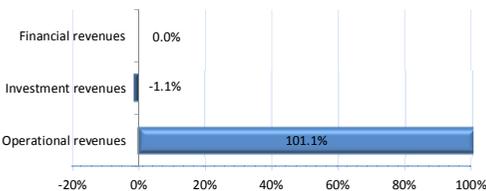


The structure of the rectified economic expenditures
369,159.9

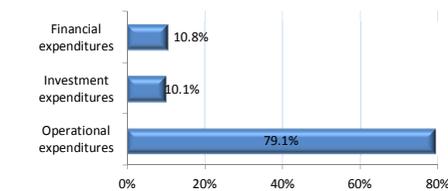


Note: The vertical axis reflects the components of the Revenues/Expenditures, which are detailed in the Revenues/Expenditures situation

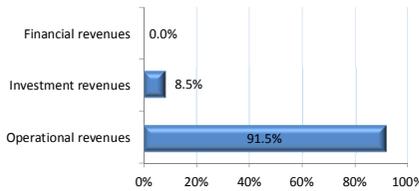
Revenues collected in 2018



Expenditures incurred in 2018



Rectified revenues at 2018YE



Rectified expenditures at 2018YE

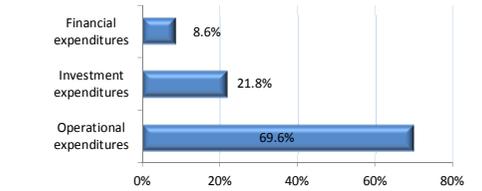


Table of contents Part II

Part II: Budgetary revenues

- The situation of the revenues collected in the period of 2016 - 2019
- The dynamics of the revenues collected in the period of 2016 - 2019
- The dynamics of the revenues collected in 2019, as compared to the level attained in 2018
- Budgetary provisions: the achievement degree of the revenues collected in 2019
- Revenues ratios
- Budgetary provisions for 2020

The situation of the collected revenues for the period 2016 - 2019



'000 RON

| Line | Revenues summary | Evolution for the period* | The budgetary execution for | | | | | | | | | 2019 | | | 2020 | | | | | |
|------|---|---------------------------|-----------------------------|-------|------------------|----------------|-------|------------------|----------------|-------|------------------|----------|----------------|------------------|----------|------------------|----------|------------------|----------|-----|
| | | | 2016 | % /VI | 2017 | % /VI | y/y | 2018 | % /VI | y/y | 2019 | % /VI | y/y | Planned | % /VI | Revised | % /VI | Planned | % /VI | |
| 1 | Total revenues | -6.1 | 347,508.9 | | 395,710.5 | | 13.9 | 245,589.1 | | -37.9 | 287,664.8 | | 17.1 | 310,105.8 | | 369,159.9 | | 337,866.4 | | |
| 2 | Own revenues, out of which | 7.1 | 193,740.3 | 55.8 | 215,258.0 | 54.4 | 11.1 | 193,500.7 | 78.8 | -10.1 | 238,073.9 | 82.8 | 23.0 | 268,405.5 | 86.6 | 284,595.7 | 77.1 | 273,691.8 | 81.0 | |
| 3 | Quotas deducted from the income tax | 7.6 | 103,256.7 | 29.7 | 120,902.8 | 30.6 | 17.1 | 99,651.4 | 40.6 | -17.6 | 128,715.9 | 44.7 | 29.2 | 128,915.0 | 41.6 | 128,716.0 | 34.9 | 163,810.0 | 48.5 | |
| 4 | Capital revenues | -3.4 | 693.8 | 0.2 | 621.0 | 0.2 | -10.5 | 463.6 | 0.2 | -25.3 | 625.6 | 0.2 | 34.9 | - | - | - | - | - | - | |
| 5 | Revenues from concessions and rents | 6.0 | 8,092.2 | 2.3 | 8,727.9 | 2.2 | 7.9 | 9,066.0 | 3.7 | 3.9 | 9,645.2 | 3.4 | 6.4 | 9,916.0 | 3.2 | 9,916.0 | 2.7 | 9,978.5 | 3.0 | |
| 6 | Payments from net profit of self-governing administration, national societies and companies | - | - | - | - | - | - | 12.1 | 0.0 | - | 13.1 | 0.0 | 8.4 | 515.0 | 0.2 | 515.0 | 0.1 | 15.0 | 0.0 | |
| 7 | Revenues from dividends | - | - | - | 1,209.7 | 0.3 | - | 365.1 | 0.1 | -69.8 | 143.3 | 0.0 | -60.7 | - | - | - | - | - | - | |
| 8 | Tax on revenues from the transfer of real estate from the private patrimony | -41.2 | 2,645.1 | 0.8 | 843.2 | 0.2 | -68.1 | 563.6 | 0.2 | -33.2 | 536.9 | 0.2 | -4.7 | 1,203.8 | 0.4 | 1,203.8 | 0.3 | 562.0 | 0.2 | |
| 9 | Tax on buildings from the population | 4.6 | 10,974.6 | 3.2 | 12,625.3 | 3.2 | 15.0 | 11,744.9 | 4.8 | -7.0 | 12,558.6 | 4.4 | 6.9 | 20,257.5 | 6.5 | 16,574.5 | 4.5 | 27,756.5 | 8.2 | |
| 10 | Tax on land from the population | -2.0 | 2,068.1 | 0.6 | 2,358.7 | 0.6 | 14.0 | 1,872.0 | 0.8 | -20.6 | 1,943.7 | 0.7 | 3.8 | 2,806.0 | 0.9 | 2,806.0 | 0.8 | 9,646.4 | 2.9 | |
| 11 | Tax on the means of conveyance owned by the population | 12.7 | 4,846.5 | 1.4 | 5,485.9 | 1.4 | 13.2 | 5,944.4 | 2.4 | 8.4 | 6,930.2 | 2.4 | 16.6 | 8,512.0 | 2.7 | 11,759.0 | 3.2 | 11,787.0 | 3.5 | |
| 12 | Tax on buildings from the legal entities | 4.5 | 12,642.8 | 3.6 | 13,879.7 | 3.5 | 9.8 | 14,093.0 | 5.7 | 1.5 | 14,408.1 | 5.0 | 2.2 | 23,541.8 | 7.6 | 23,541.8 | 6.4 | - | - | |
| 13 | Tax on land from the legal entities | 8.2 | 2,406.8 | 0.7 | 2,428.4 | 0.6 | 0.9 | 2,561.9 | 1.0 | 5.5 | 3,045.7 | 1.1 | 18.9 | 4,714.0 | 1.5 | 4,714.0 | 1.3 | - | - | |
| 14 | Tax on the means of conveyance owned by the legal entities | 7.6 | 3,877.8 | 1.1 | 3,954.8 | 1.0 | 2.0 | 4,171.2 | 1.7 | 5.5 | 4,827.0 | 1.7 | 15.7 | 5,341.0 | 1.7 | 5,341.0 | 1.4 | - | - | |
| 15 | Fees and charges for the issuance of licences and functioning authorisations | 5.6 | 1,498.9 | 0.4 | 1,578.8 | 0.4 | 5.3 | 1,630.3 | 0.7 | 3.3 | 1,765.0 | 0.6 | 8.3 | 1,636.0 | 0.5 | 1,636.0 | 0.4 | 1,613.0 | 0.5 | |
| 16 | Stamp duties, for notary work and other stamp duties | 24.4 | 1,150.0 | 0.3 | 2,108.6 | 0.5 | 83.4 | 2,355.2 | 1.0 | 11.7 | 2,212.6 | 0.8 | -6.1 | 2,396.0 | 0.8 | 2,396.0 | 0.6 | 2,245.0 | 0.7 | |
| 17 | Extrajudicial stamp duties | -49.3 | 1,617.4 | 0.5 | 315.5 | 0.1 | -80.5 | 219.0 | 0.1 | -30.6 | 210.5 | 0.1 | -3.9 | 219.0 | 0.1 | 219.0 | 0.1 | 215.0 | 0.1 | |
| 18 | Revenues from fines and other legal sanctions | 10.7 | 1,735.8 | 0.5 | 1,995.4 | 0.5 | 15.0 | 2,070.2 | 0.8 | 3.7 | 2,353.3 | 0.8 | 13.7 | 2,289.0 | 0.7 | 2,289.0 | 0.6 | 2,400.0 | 0.7 | |
| 19 | Other own revenues | 9.9 | 36,233.7 | 10.4 | 36,222.3 | 9.2 | 0.0 | 36,716.7 | 15.0 | 1.4 | 48,139.3 | 16.7 | 31.1 | 56,143.4 | 18.1 | 72,968.6 | 19.8 | 43,663.4 | 12.9 | |
| 20 | Sums deducted from the VAT | -28.0 | 142,590.0 | 41.0 | 183,834.4 | 46.5 | 28.9 | 49,728.3 | 20.2 | -72.9 | 53,258.3 | 18.5 | 7.1 | 17,403.5 | 5.6 | 53,309.5 | 14.4 | 35,301.0 | 10.4 | |
| 21 | Donations and sponsorships | -70.4 | 1.3 | 0.0 | 1.1 | 0.0 | -15.4 | 0.3 | 0.0 | -77.3 | 0.0 | 0.0 | -86.5 | - | - | 0.0 | 0.0 | - | - | |
| 22 | Subsidies received from the State Budget | -45.4 | 5,211.2 | 1.5 | - | 1,122.7 | -0.3 | -121.5 | 2,180.9 | 0.9 | -294.2 | 850.0 | 0.3 | -61.0 | 21,291.2 | 6.9 | 21,716.9 | 5.9 | 18,556.6 | 5.5 |
| 23 | Sums received from EU for the made payments | - | 5,319.3 | 1.5 | - | 2,260.3 | -0.6 | -142.5 | 178.9 | 0.1 | -107.9 | - | - | 3,005.6 | 1.0 | 9,537.8 | 2.6 | 10,317.0 | 3.1 | |
| 24 | Other revenues | - | 646.9 | 0.2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | | | %/VT | | %/VT | | %/VT | | | %/VT | | | %/VT | | %/VT | | %/VT | | |
| | Operational revenues | -4.7 | 336,238.8 | 96.8 | 398,494.1 | 100.7 | 18.5 | 242,766.1 | 98.9 | -39.1 | 290,713.6 | 101.1 | 19.8 | 285,813.0 | 92.2 | 337,912.2 | 91.5 | 308,992.8 | 91.5 | |
| | Investment revenues | - | 11,270.2 | 3.2 | - | 2,783.7 | -0.7 | -124.7 | 2,822.9 | 1.1 | -201.4 | - | 3,048.8 | -1.1 | - | 31,247.8 | 8.5 | 28,873.6 | 8.5 | |
| | Financial revenues | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Total revenues - operating section | -5.0 | 327,164.0 | 94.1 | 394,394.1 | 99.7 | 20.5 | 242,766.1 | 98.9 | -38.4 | 280,261.5 | 97.4 | 15.4 | 266,316.2 | 85.9 | 307,010.9 | 83.2 | 278,034.9 | 82.3 | |
| | Total revenues - development section | -28.6 | 20,344.9 | 5.9 | 1,316.3 | 0.3 | -93.5 | 2,822.9 | 1.1 | 114.5 | 7,403.3 | 2.6 | 162.3 | 43,789.7 | 14.1 | 62,149.0 | 16.8 | 59,831.5 | 17.7 | |
| | Previous surplus | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Total collected revenues in the period (TCR = TR - Previous surplus) | | 347,508.9 | | 395,710.5 | | | 245,589.1 | | | 287,664.8 | | | 310,105.8 | | 369,159.9 | | 337,866.4 | | |

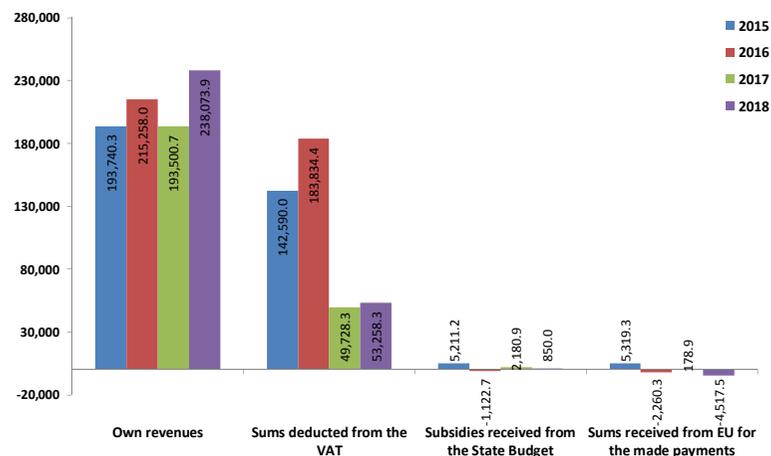
* Evolution for the period -represents the Revenue/Compound annual growth rate for the analyzed period 2016-2019.

The dynamics of the revenues collected for the period 2016 - 2019

'000 RON

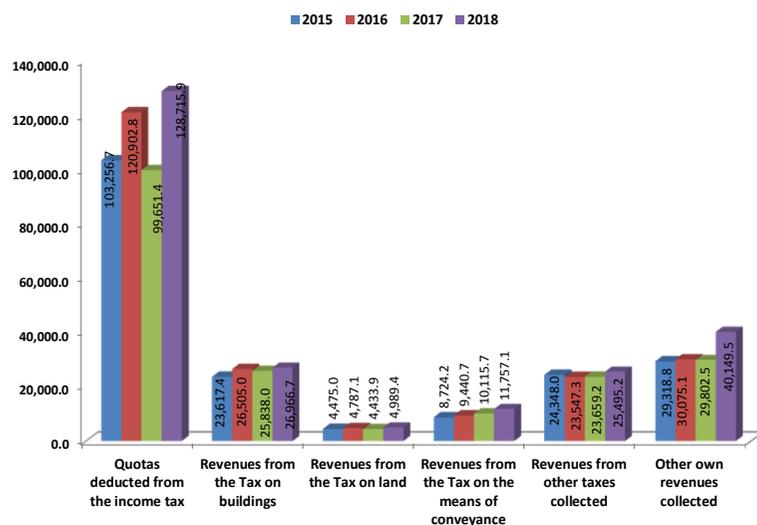


Total revenues for the period 2016 - 2019



Nota: Alte venituri ale bugetului local au înregistrat sume nesemnificative în intervalul analizat, de aceea nu se regasesc în graficul de mai sus.

Own revenues for the period 2016 - 2019



In the 2016 – 2019 period, the **Total revenues** had an oscillating trend, starting from the amount of RON 347,508.9 th in 2016 and reaching the maximum level in 2017, of RON 395,710.5 th, going up by 13.9% as compared to the sums recorded in 2016. In 2018, the Total revenues decreased by 37.9% vs. 2017 (the maximum value within the interval), considering the regulation changes related to VAT.

The **Sums deducted from VAT** had an upward trend in the analyzed period until 2017 when it was reached the maximum of RON 183,834.4 th, respectively +28.9% in comparison to the previous year, following the 2018 record value of RON 49,728.3 th, (-72.9% as compared to 2017). The evolution was determined by a constant increase of the Sums deducted from VAT for financing the expenditures of municipalities, whereas the ones collected for balancing the local budgets were at a low level in 2016. The dynamics is the result of the legislative changes as presented in the section Context: Legislative changes with effect on local budgets - at country level (2017 - 2020).

The level of the **Subsidies received from the State Budget**, for the most part accounting for Subsidies from the state budget to local budget for supporting the projects financed from post-accession NEF, had a higher significance in 2016 (respectively amounting to RON 5,211.2 th), reaching a negative value in 2017, respectively - RON 1,122.7 th, following the ending of the projects undertaken through ROP 2007 – 2013, following that in the next 2 years to register a positive value of RON 2,180.9 th in 2018, respectively RON 850 th in 2019.

In the analyzed interval, the revenues from the **Sums received from the EU for the payments performed**, had a significant level in 2016 in the amount of RON 5,319.3 th, their representing accounting for Sums received for the payments performed in the previous years. In 2017 recorded a negative level in amount of RON -2,260.3 th, ending in 2019 with a significant negative value of RON 4,517.5 th.

The **Own revenues** had an upward trend until 2017, mainly due to the evolution of the revenues from Quotas deducted from the income tax and from the chapter Other own revenues collected, following that in 2018 to record a value 10.1% lower than in 2017 and in 2019 to register a value with 23% higher than the previous year (respectively reaching RON 238,073.9 th).

-> The revenues from **Quotas deducted from the income tax** accounted for the main revenues chapter within the Own revenues, having a significant contribution to their evolution, with an average growth rate of 1.9% in the period of 2016 – 2019. The maximum level was attained in the previous year, going up by RON 128,715.9 th (+29.2%, as compared to 2018);

-> The **Revenues from property** had an oscillating trend with an average growth rate of 6% and a maximum of RON 43,713.2 th attained in the current year. Thereby, in 2016 the revenues were in the amount of RON 36,816.7 th (mainly as a consequence of lower revenues collected from individuals). In 2018, the level of the local taxes and duties remained at similar quotas as in 2017, registering a slight decrease with RON 345.2 th.

The last change related to the income from the properties was made in 2016, through LCD No. 245 from 03.12.2015, were approved amendments of the taxes on land and on buildings in the property of individuals. Thereby, the quotas were increased for the lands with a surface larger than 400sqm through correction quotas. For the buildings in the property of the population were established with a differentiation based on their purpose, respectively increases for non-residential and mixed properties;

-> The category of **Other own revenues collected** recorded an upward trend throughout the analyzed period. In 2016, the Own revenues collected recorded a value of to RON 29,318.8 th, and in 2017 by 2.6% more (to the value of RON 30,075.1 th). In 2018, they registered a decrease of 0.9%, and in 2019 of 34.7%, reaching a maximum of RON 40,149.5 th, as a result of the upward trend of the revenues recorded from services, corroborated with registration of Other voluntary transfers.

-> The revenues from **Other taxes collected** had an oscillating trend in the analyzed period. Thereby, in 2016 the revenues collected were in the amount of RON 24,348 th, reaching a minimum level of RON 23,547.3 th (-3.3%) in 2017, maintaining a constant value in 2018, respectively of RON 23,659.2 th, and in 2019 recorded an increase of 7.8%, reaching the maximum value of RON 25,495.2 th. The main budgetary lines influencing the trend were:

The dynamics of the revenues collected for the period 2016 - 2019; Budgetary provisions for 2019

'000 RON



- ✓ Special taxes, the revenues from these taxes registering an oscillating trend in the analyzed period, registering a minimum level of RON 14,653 th in 2018 and a maximum level of RON 17,143.4 th in the base year 2019;
- ✓ Stamp duties for notary work and other stamp duties marked an upward trend with a minimum recorded in 2016, of RON 1,150 th and a maximum in 2018, of RON 2,355.2 th, followed by a decrease to a value of RON 2,212.6 th in the base year 2019 (-6.1% vs. 2018);
- ✓ Other taxes and duties on property, with an average growth rate of 1% with a maximum recorded in 2018 (RON 2,223.3 th) and a minimum recorded in the current year (RON 1,702.2 th, -23.4%).
- ✓ Other taxes and duties followed an oscillating level, registering a maximum level of RON 2,649 th in the first year of analysis, followed by a decrease in the following year to a minimum amount of RON 1,923.7 th.

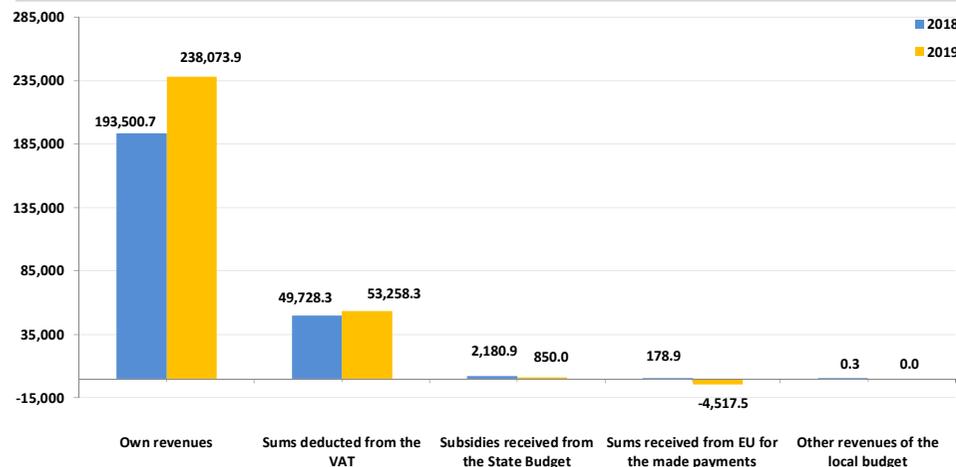
The dynamics of the collected revenues

In 2018 as compared to the level attained in 2017

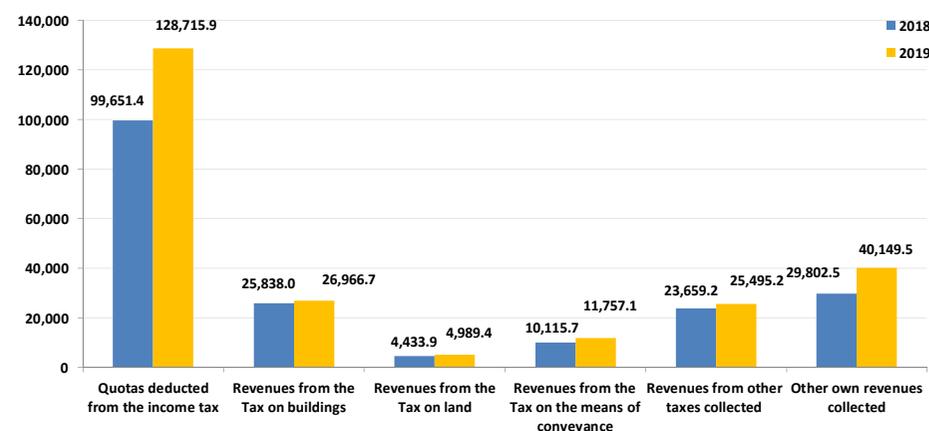
'000 RON



Total revenues



Own revenues



The **total revenues** collected in 2019 amounted to RON 287,664.8 th, by RON 42,075.7 th (+17.1%) over the level realized in 2018, the evolution being mainly determined by the increase of the Own revenues and at the same time by a decrease of the Sums received from the EU for the made payments.

+ The revenues from the **Sums deducted from VAT** registered a higher level by RON 3,530 th compared to the previous year (+7.1%). Revenues collected from the *Sums deducted from VAT for balancing the local budget* amounted to RON 35,682 th (+RON 24,714 th, +225.3%) and from the the *Sums deducted from VAT for financing the expenditures of municipality* were set at the total level of RON 15,708.3 th, respectively a decrease of RON 21,315.8 th compared to the year 2018 (-57.6%).

- The **Sums received from the EU for the made payments** amounted a negative level in 2019, respectively RON -4,517.5 th compared to the level recorded in 2018 by RON 178.9 th (entirely related to the European Regional Development Fund (ERDF). Within them, at the level of the Sums received for related to the 2014-2020 financial framework, an increase of RON 206 th (+104.3%) is noticed mainly for the European Social Fund (ESF) (+RON 196.3 th).

- The **Subsidies** registered decrease by RON 1,330.9 th, compared to 2018, respectively in the amount of RON 850 th in the current year. This decrease was largely influenced by the proceeds of the Capital Subventions from the state budget to local budget for supporting the projects financed from post-accession NEF (in amount of -RON 2,978.2 th in 2019 vs -RON 27.8 th in 2018), concurrently with the level of the revenues from The Financing of the National Program of Local Development (in amount of RON 3,759 th in 2019, without such amounts registered in 2018).

✓ The **Own revenues** recorded a level of RON 44,573.2 th (+23%) over that registered in 2018, as a result of:

+ Higher income from Quotas deducted from the income tax, 29,064.5 mii RON (+29,2%);

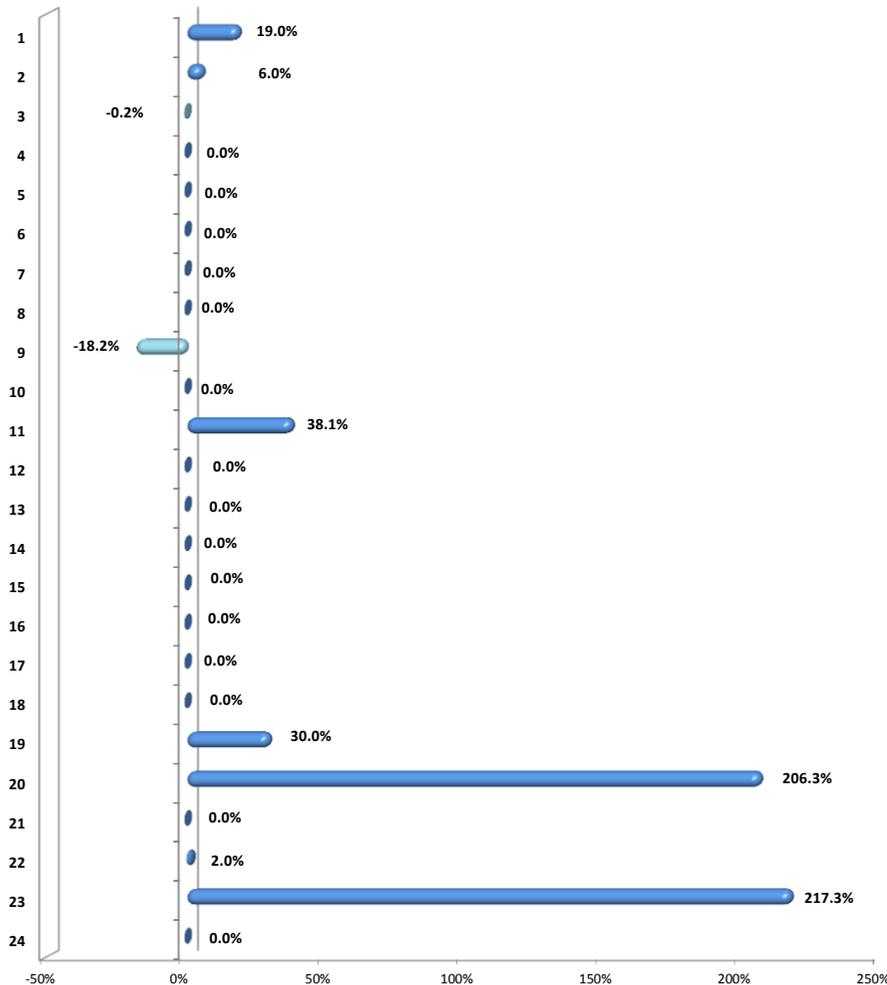
+ The increase of the revenues collected from the Tax on property by RON 3,325.7 th (+8.2%), mainly due to higher collections from the Taxes on the means, (by RON 1,641.5 th, +16.2%), followed by these from Tax on buildings (by RON 1,128.8 th, +4.4%).

+ The revenues from the Other taxes collected increased by RON 1,836 th over the level attained in 2018 (+7.8%), mainly on the higher collections from the Special taxes (by RON 2,490.4 th, +17%) and the lower collections from Other taxes and duties on property (-RON 521 th, -23.4%).

+ The Other own revenues collected increased by RON 10,347 th, over the level of the previous year (+34.7%), mainly as a result of higher receipts from Other voluntary transfers (+RON 8,117.7 th), followed by Revenues from services (+RON 975.1 th, +14.5%), and from Other fines, penalties and confiscations (+RON 445 th, +8%).



Revised budget at Q4 2019 as compared to the planned budget



Whitin the final budget, approved through LCD No. 450 from 23.12.2019, the total revenues provisions were in amount of RON 369,159.9 th, by 19% over the initial budget (+RON 59,054.1 th).

+ The final budgetary provisions regarding the **Own revenues** were increased by RON 16,190.2 th over the initial provisions (+6%), higher collections being provided, mainly from:

-> the *Other own revenues* were increased by 30% (respectively by RON 16,825.2 th) mainly due to the amounts of RON 11,206.5 th from Other voluntary transfers, amounts that were not provided in the initial budget and from Other taxes and duties (+RON 2,000 th, +235.3%);

-> *Taxes on the means of conveyance owned by population*, these registering an increase of the provisions by 38.1% (+RON 3,247 ht), at the same time with the decrease of the provisions of the *Tax on buildings from the population*, these decreased by 18.2% (-RON 3,683 th).

+ The budgetary provisions regarding the **Sums deducted from VAT** were increased by RON 35,906 th (+206.3%) over the initial budget, mainly reflected at the level of Sums deducted from VAT for balancing the local budget (provided in the amount of RON 35,682 th), without such provisions included in the initial budget.

+ Within the final budget were provided **Sums received from the EU for the made payments** in amount of RON 9,537.8 th, with 217.3% above the initial budget level (+RON 6,532.2 th), the increase of the provisions being entierly found at the FEDR level.



The revenues achievement degree from the revised budget in 2019

The rate of execution of the revenues collected to the local budget during 2019 was 77.9%, the revenue collected being by RON 81,495.2 th below the final provisions

-> The **Operational revenues** registered a level of RON 47,198.6 th below the budgetary provisions (degree of achievement 86%), as follows:

- **Own revenues** recorded a level of RON 238,073.9 th, respectively, by RON 46,521.8 th below the level stipulated in the final budget (-16.3%);

- **Other own revenues** decreased by RON 24,829.3 th under the final budgetary provisions (-34%), the evolution being reflected especially at the level from Other revenues (-RON 10,079.5 th, -73.9%), Special taxes (-RON 5,078.8 th, -22.9%), Other revenues from tax on property (-RON 2,880 th, -23.9%), Other voluntary transfers (-RON 2,680.6 th, -23.9%), Other revenues from services and other activities (-RON 1,462.2 th, -72.8%).

- **Revenues from concessions and rents**, in amount of RON 9,645.2 th in 2019 (-RON 270.8 th, -2.7%);

- **Tax on property**, decreased by RON 21,023.1 th (-32.5%) compared to the final budgetary provisions. Lower revenues from *Tax on buildings from legal entities* (by RON 9,133.7 th, -38.8%), *Tax on land from legal entities* (by RON 1,668.3 th, -35.4%), and from *Taxes on the means of conveyance owned by population* (by RON 4,828.9 th, 41.1%) coupled with lower revenues from *Tax on buildings from the population* (by RON 4,015.9 th, -24.2%);

- **Tax on revenues from the transfer of real estate from the private patrimony**, by RON 666.9 th below the final budgetary provisions (-55.4%);

- The revenues from the **Sums deducted from the VAT** were by RON 51.2 th below the final budgetary provisions (the realisation degree being of 99.9%), mainly at the level of Sums deducted from VAT for financing the expenditures of municipality.

-> The **Investment revenues** registered a negative level at the end of 2019, in amount of RON -3,048.8 th, although they were included in the rectified budget in amount of RON 31,247.8 th, the influence coming from the following categories of expenditures:

- **The Capital subsidies** recorded a level of RON 843.1 th (compared to the total amount of RON 21,716.9 th), due to the repayments made mainly at the level of the Financing European Regional Development Fund (in amount of RON 3,759.3 th), concurrently with the registration of a negative value at the level of the Subsidies received from the state budget to local budgets necessary for the development of projects financed from non-reimbursable external funds (NEF) post-accession (in amount of -RON 2,978.2 th);

- **The Sums received from the EU for the made payments** recorded at the end of 2019 a negative level of -RON 4,517.5 th, these were not planned, entirely recovered at the level of the Amounts received for the payments made during the previous years from the European Regional Development Fund (ERDF).

+ **The Capital revenues** were in amount of RON 625.6 th in 2019, no such revenues being recorded within the initial budget. The major influence was from the Banks for housing build-up (in amount of RON 652.2 th).

-> The **Financial revenues** were null in the final provisions, and neither were executed.

Revenues Ratios

in 2019 as compared to the level attained in 2018

'000 RON



| Ratios | 2019 | 2018 |
|--|----------------------------|----------------------------|
| Revenues from the tax on property | 43,717.1 | 40,391.9 |
| Revenues per Capita | 221.6 RON | 204.6 RON |
| The revenue weight in the total revenues | 15.2% | 16.4% |
| Own tax revenues | 181,111.3 | 149,394.2 |
| Revenues per Capita | 918.0 RON | 756.9 RON |
| The revenue weight in the total revenues | 63.0% | 60.8% |
| Total current revenues (autonomous) | 290,706.7 | 242,765.6 |
| Revenues per Capita | 1,473.5 RON | 1,229.9 RON |
| The revenue weight in the total revenues | 101.1% | 98.9% |
| Operational revenues | 290,713.6 | 242,766.1 |
| Revenues per Capita | 1,473.6 RON | 1,229.9 RON |
| The revenue weight in the total revenues | 101.1% | 98.9% |
| Investment revenues | -3,048.8 | 2,822.9 |
| Revenues per Capita | -15.5 | 14.3 RON |
| The revenue weight in the total revenues | 0.0 | 1.1% |
| Total revenues per Capita | 1,458.1 RON | 1,244.2 RON |
| Own revenues per Capita | 1,206.8 RON | 980.3 RON |
| The level of financing from the own revenues | 82.8% | 78.8% |
| The degree of self-financing | 38.0% | 38.2% |
| The dependency degree of the local budget to the state budget | 18.8% | 21.1% |
| The degree of decisional autonomy | 95.2% | 83.3% |
| The achievement degree of the revenues from the initial budget | 92.8% | 95.6% |
| The achievement degree of the revenues from the final budget | 77.9% | 83.5% |
| The achievement degree of the own revenues from the initial budget | 88.7% | 101.0% |
| The achievement degree of the own revenues from the final budget | 83.7% | 91.4% |
| The achievement degree of the property taxes from the initial budget | 67.1% | 95.2% |
| The achievement degree of the property taxes from the final budget | 67.5% | 88.8% |
| The annual estimate from the local tax revenues (maximum probability) | 52,395.4 | 49,742.8 |
| The annual estimate from the local tax revenues (rectified budget) | 76,816.5 | 58,645.3 |
| The achievement degree of the annual revenues estimated from the | 146.6% | 117.9% |
| The collection degree from the initial budget of the revenues from: | | |
| Quotas deducted from the income tax | 99.8% | 100.0% |
| Tax on buildings from the population | 62.0% | 78.6% |
| Tax on land from the population | 69.3% | 54.7% |
| Tax on the means of conveyance owned by the population | 81.4% | 118.9% |
| Tax on buildings from the legal entities | 61.2% | 117.4% |
| Tax on land from the legal entities | 64.6% | 128.1% |
| Tax on the means of conveyance owned by the legal entities | 90.4% | 83.1% |
| Capita, as of | 197,285 1/1/2018 | 197,386 7/1/2018 |

+ The **revenues from Tax on property** were by RON 3,325.2 th over the 2018 level (+8.2%). The revenues from individuals were collected in the amount of RON 21,432.5 th (+9.6%), higher incomes were mainly achieved from Tax on the means of conveyance. The revenues collected from legal entities amounted of RON 22,280.8 th (+7%), higher collections being made mainly from Taxes on the means of conveyance.

+ The **Tax own revenues** were by RON 31,717.1 th higher (+21.2%), as a result of the evolution of revenues from:

+ The Quotas deducted from the income tax, by RON 29,064.5 th (+29.2%),

+ Tax on the means of conveyance, by RON 1,641 th (+16.2%),

+ Taxes and duties on property, by RON 1,020.1 th (+2.9%).

+ The **Total current revenues (autonomous)** increased by RON 47,941 th compared with the level recorded in the similar period of 2018 (+19.7%), mainly due to:

+ The Tax revenues (+17.7%, by RON 35,247.1 th), due to:

+ an increase of Quotas and amounts deducted from the income tax by RON 29,064.5 th (+29.2%) and

+ of the revenues from din Sums deducted from VAT by RON 3,530 th (+7.1%) and from

+ Taxes on the use of goods, the authorization for the use of goods or the performance of activities by RON 1,776.2 th (+15.1%).

+ Non-fiscal revenues (+29.1%, by RON 12,694 th), mainly due to:

+ higher receipts from Voluntary transfers (by RON 8,117.5 th),

+ from Diverse revenues (by RON 2,338 th, +12.7%) and

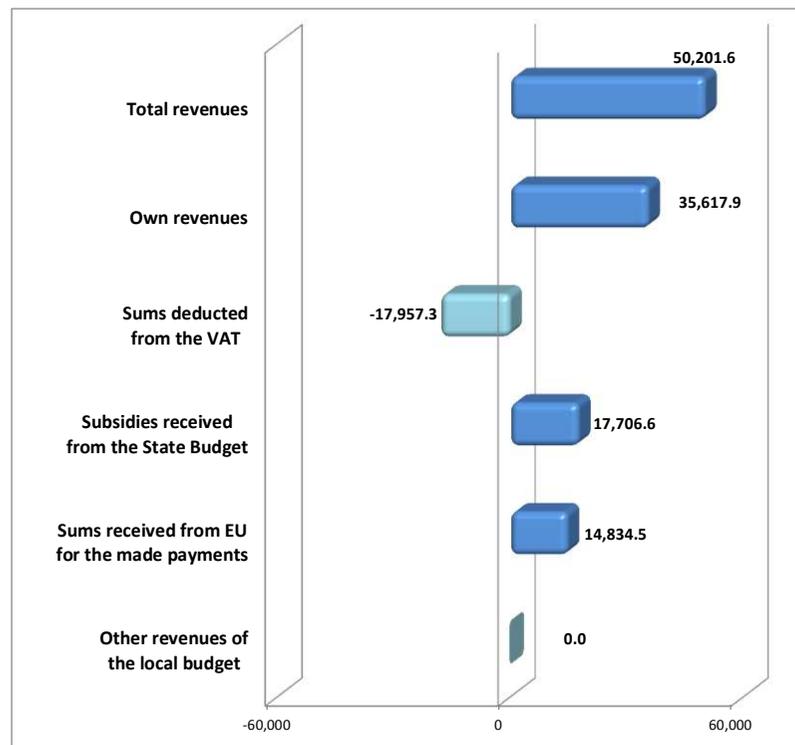
+ from Revenues from services and other activities (by RON 1,160.3 th, +15.3%).

+ The **Operational Revenues** increased by RON 47,947.5 th (+19.8%), mainly on the account of higher Current revenues recorded.

- The **Investment revenues** recorded a negative level of -RON 3,048.8 th in 2019, the major impact coming from the Sums received from the EU for the made payments (in total amount of RON -4,517.5 th) and from the Capital subsidies (in amount of RON 843.1 th). In 2018, the Investment revenues reached the level of RON 2,822.9 th, mainly from Capital subsidies (respectively in the amount of RON 2,180.4 th).



The budgetary provisions for 2020 as compared to the level of the revenues attained in 2019



The revenues estimated for 2020 were by RON 50,201.6 th (+17.5%) over the level attained in 2019.

The revenues provisions regarding the **Own revenues** were by RON 35,617.9 th (+15%) over the level attained in 2019, principal variations were recorded at the level of:

- + The **Quotas deducted from the income tax**, which the budgetary provisions of 2020 were higher by RON 35,617.9 th (+27.3%) compared to the level attained in the previous year, due tot the legal changes as follow: The Quotas deducted from the income tax increased from 60% to 63% (according to Law No. 50/06.01.2020 of the State budget for 2020);

- + The revenues from the **Tax on property** were estimated by RON 5,476.7 th (+12.5%) over the level attained in 2019, as follow: the budgetary provisions regarding the collections from the population were increased by RON 27,757.4 th (+129.5%), while the initials provisions on the revenues to be collected from the legal entities were null;

- + The **Revenues from fines** registered provisions in the initial budget for 2020 higher by RON 46.7 th (+2%) as compared to the execution of 2019;

- The provisions related to the **Own revenues** chapter were established by RON 4,475.9 th (-9.3%) below the level recorded in 2019. The variation is mainly generated by the decrease by RON 5,126.4 th of *Other voluntary transfers*, counterbalanced by the increase with RON 618.6 th of *Special taxes*;

The most significant increase of the initial budget provisions was recorded at the level of the **Subsidies from the State budget**, which were estimated at the level of RON 18,556.6 th, compared to 2019, when they registered the value of RON 850 th. Thus, at the level of the **Capital subsidies** are provided amounts to be collected in 2020 in amount of RON 18,556.6 th, mainly from the the *Financing of the National Program of Local Development* (+RON 13,259.1 th). Regarding the *Current subsidies*, there are no estimates at the initial budget level.

The initial budget of 2020 for the **Sums deducted from VAT** was set at the total value of RON 35,301 th, decreasing by 33.7% (-RON 17,706.6 th) compared to the value recorded in the execution of 2019. This decrease is due to the fact that at the level of the *Sums deducted from VAT for balancing the local budget*, there are no estimates at the initial budget level (in amount of RON 35,682 th at the realized level), and the *Sums deducted from VAT for financing the expenditures of municipality* are increased by RON 17,647.7 th over the level achieved (+112.3%).

Table of contents Part III

Part III: Budgetary expenditures (functional classification)

- The situation of the expenditures performed in the period of 2016 - 2019
- The dynamics of the expenditures performed in the period of 2016 - 2019
- The dynamics of the expenditures performed in 2019, as compared to the level attained in 2018
- Budgetary provisions: the achievement degree of the expenditures performed in 2019

The situation of expenditures incurred for the period 2016 - 2019

'000 RON



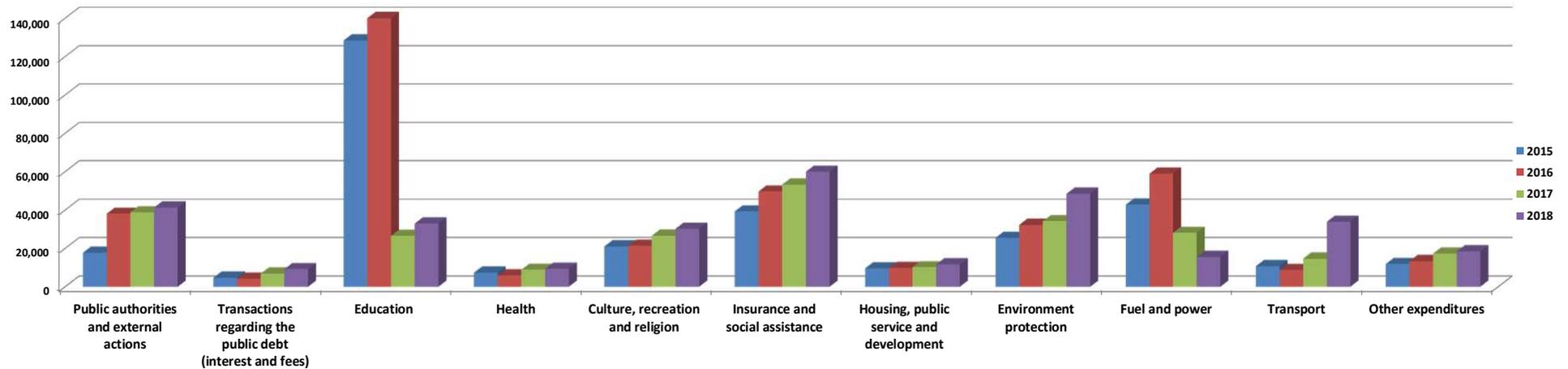
| Line | Expenditures summary | Evolution for the period* | The budgetary execution for | | | | | | 2019 | | | 2020 | | | | | | | |
|------|--|---------------------------|-----------------------------|--------|------------------|--------|------------------|------------------|------------------|-------|------------------|--------|------------------|------------------|------------------|------------------|--------|------------------|--------|
| | | | 2016 | % /ChT | 2017 | % /ChT | y/y | 2018 | % /ChT | y/y | 2019 | % /ChT | y/y | Planned | % /ChT | Revised | % /ChT | Planned | % /ChT |
| | Functional classification | -6.1 | 347,508.9 | | 395,710.5 | 13.9 | 245,589.1 | -37.9 | 287,664.8 | 17.2 | 310,105.8 | | 369,159.9 | | 337,866.4 | | | | |
| 1 | Public authorities and external actions | 32.5 | 17,747.9 | 5.6 | 38,053.5 | 9.6 | 114.4 | 38,824.6 | 14.6 | 2.0 | 41,274.8 | 13.3 | 6.3 | 49,105.5 | 14.3 | 48,602.6 | 12.3 | 51,122.1 | 14.7 |
| 2 | Transactions regarding the public debt (interest and fees) | | 4,703.3 | 1.5 | 4,197.4 | 1.1 | -10.8 | 6,865.8 | 2.6 | 63.6 | 9,223.9 | 3.0 | 34.3 | 9,567.6 | 2.8 | 9,437.5 | 2.4 | 9,053.8 | 2.6 |
| 3 | Education | -36.4 | 128,375.8 | 40.2 | 155,924.4 | 39.2 | 21.5 | 26,524.4 | 10.0 | -83.0 | 32,987.8 | 10.6 | 24.4 | 34,120.9 | 9.9 | 38,876.5 | 9.9 | 27,174.3 | 7.8 |
| 4 | Health | 8.4 | 7,365.4 | 2.3 | 5,915.8 | 1.5 | -19.7 | 8,874.8 | 3.3 | 50.0 | 9,374.7 | 3.0 | 5.6 | 15,453.1 | 4.5 | 17,765.6 | 4.5 | 18,543.4 | 5.3 |
| 5 | Culture, recreation and religion | 12.9 | 21,013.7 | 6.6 | 21,370.4 | 5.4 | 1.7 | 26,623.2 | 10.0 | 24.6 | 30,225.2 | 9.7 | 13.5 | 34,496.6 | 10.0 | 41,863.7 | 10.6 | 37,980.6 | 10.9 |
| 6 | Insurance and social assistance | 15.1 | 39,259.7 | 12.3 | 49,632.2 | 12.5 | 26.4 | 53,228.9 | 20.1 | 7.2 | 59,927.7 | 19.3 | 12.6 | 58,459.5 | 17.0 | 61,761.3 | 15.7 | 67,319.6 | 19.4 |
| 7 | Housing, public service and development | 6.8 | 9,581.7 | 3.0 | 9,763.3 | 2.5 | 1.9 | 10,140.6 | 3.8 | 3.9 | 11,673.1 | 3.8 | 15.1 | 13,109.5 | 3.8 | 14,943.3 | 3.8 | 12,958.3 | 3.7 |
| 8 | Environment protection | 23.9 | 25,493.4 | 8.0 | 32,231.1 | 8.1 | 26.4 | 34,183.0 | 12.9 | 6.1 | 48,477.7 | 15.6 | 41.8 | 61,662.2 | 18.0 | 75,574.6 | 19.2 | 67,106.2 | 19.3 |
| 9 | Fuel and power | - | 42,819.5 | 13.4 | 58,968.8 | 14.8 | 37.7 | 28,120.8 | 10.6 | -52.3 | 15,535.7 | 5.0 | - | 13,568.5 | 4.0 | 17,173.5 | 4.4 | 12,641.4 | 3.6 |
| 10 | Transport | 46.6 | 10,725.1 | 3.4 | 8,722.4 | 2.2 | -18.7 | 14,645.2 | 5.5 | 67.9 | 33,822.4 | 10.9 | 130.9 | 33,945.7 | 9.9 | 47,865.6 | 12.1 | 27,448.2 | 7.9 |
| 11 | Other expenditures | 15.8 | 11,877.2 | 3.7 | 13,328.4 | 3.3 | 12.2 | 17,316.0 | 6.5 | 29.9 | 18,437.7 | 5.9 | 6.5 | 19,809.0 | 5.8 | 20,588.0 | 5.2 | 16,414.8 | 4.7 |
| 12 | Reserves, Surplus / Deficit | -193.4 | 28,546.3 | 0.0 | - 2,397.3 | 0.0 | -108.4 | - 19,758.4 | - | - | - 23,296.1 | 0.0 | 17.9 | - 33,192.3 | 0.0 | - 25,292.3 | 0.0 | - 9,896.2 | 0.0 |
| | Economic classification | -6.1 | 347,508.9 | | 395,710.5 | 13.9 | 245,589.1 | -37.9 | 287,664.8 | 17.1 | 310,105.8 | | 369,159.9 | | 337,866.4 | | | | |
| 1 | Staff costs, of which: | -22.2 | 136,817.2 | 42.9 | 173,796.0 | 43.7 | 27.0 | 50,896.3 | 19.2 | -70.7 | 64,431.0 | 20.7 | 26.6 | 66,522.0 | 19.4 | 65,422.6 | 16.6 | 75,897.9 | 21.8 |
| | without those for: Education, Insurance and social assistance | | 15,906.8 | 5.0 | 24,768.3 | 6.2 | 55.7 | 28,450.4 | 10.7 | 14.9 | 35,536.7 | 11.4 | 24.9 | 35,355.0 | 10.3 | 36,220.6 | 9.2 | 40,914.2 | 11.8 |
| 2 | Social assistance | 8.0 | 18,618.2 | 5.8 | 21,583.4 | 5.4 | 15.9 | 22,412.1 | 8.4 | 3.8 | 23,452.4 | 7.5 | 4.6 | 19,053.0 | 5.5 | 23,694.1 | 6.0 | 19,650.0 | 5.7 |
| 3 | Subsidies | -12.6 | 6,000.0 | 1.9 | 35,085.6 | 8.8 | - | 21,149.4 | 8.0 | -39.7 | 4,000.0 | 1.3 | -81.1 | - | - | 4,000.0 | 1.0 | 5,500.0 | 1.6 |
| 4 | Goods and services | 11.2 | 74,392.2 | 23.3 | 88,466.9 | 22.2 | 18.9 | 80,970.2 | 30.5 | -8.5 | 102,251.1 | 32.9 | 26.3 | 100,672.8 | 29.3 | 127,233.9 | 32.3 | 91,264.9 | 26.2 |
| 5 | Capital expenditures | 47.9 | 8,150.2 | 2.6 | 11,953.8 | 3.0 | 46.7 | 16,229.9 | 6.1 | 35.8 | 26,390.8 | 8.5 | 62.6 | 61,882.8 | 18.0 | 67,072.0 | 17.0 | 47,259.8 | 13.6 |
| 6 | Interest | 24.7 | 4,672.1 | 1.5 | 4,116.6 | 1.0 | -11.9 | 6,285.0 | 2.4 | 52.7 | 9,069.1 | 2.9 | 44.3 | 9,437.6 | 2.7 | 9,281.5 | 2.4 | 8,744.6 | 2.5 |
| 7 | Loan reimbursements | -5.9 | 29,055.2 | 9.1 | 23,803.2 | 6.0 | -18.1 | 22,695.4 | 8.6 | -4.7 | 24,222.7 | 7.8 | 6.7 | 24,089.1 | 7.0 | 24,354.2 | 6.2 | 25,975.0 | 7.5 |
| 8 | Current transfers | 20.5 | 19,456.5 | 6.1 | 20,458.4 | 5.1 | 5.1 | 28,798.2 | 10.9 | 40.8 | 34,082.1 | 11.0 | 18.3 | 30,547.0 | 8.9 | 35,299.3 | 8.9 | 33,116.0 | 9.5 |
| 9 | Internal transfers | 67.2 | 2,984.6 | 0.9 | 3,778.6 | 0.9 | 26.6 | 4,225.1 | 1.6 | 11.8 | 13,946.2 | 4.5 | 230.1 | 15,541.3 | 4.5 | 16,693.6 | 4.2 | 16,641.3 | 4.8 |
| 10 | Projects financed from non-reimbursable external funds | -31.9 | 10,300.5 | 3.2 | 6,115.6 | 1.5 | -40.6 | 3,661.7 | 1.4 | -40.1 | 3,257.4 | 1.0 | -11.0 | 7,058.2 | 2.1 | 13,482.1 | 3.4 | 15,200.5 | 4.4 |
| 11 | Other expenditures | -11.7 | 8,516.0 | 2.7 | 8,949.7 | 2.2 | 5.1 | 8,024.1 | 3.0 | -10.3 | 5,858.1 | 1.9 | -27.0 | 8,494.4 | 2.5 | 7,918.9 | 2.0 | 8,512.7 | 2.4 |
| 12 | Reserves, Surplus / Deficit | -193.4 | 28,546.3 | - | 2,397.3 | - | -108.4 | - 19,758.4 | - | - | - 23,296.1 | 17.9 | - | - 33,192.3 | - | - 25,292.3 | - | - 9,896.2 | - |
| | Total payments made (TP) (total expenditures made without considering the periods result) | -0.8 | 318,962.7 | | 398,107.8 | 24.8 | 265,347.4 | -33.3 | 310,960.8 | 17.2 | 343,298.1 | | 394,452.2 | | 347,762.6 | | | | |
| | Operational expenditures | -2.6 | 266,332.7 | 83.5 | 351,900.1 | 88.4 | 32.1 | 215,221.8 | 81.1 | -38.8 | 245,956.1 | 79.1 | 14.3 | 239,240.8 | 69.7 | 274,539.2 | 69.6 | 248,462.6 | 71.4 |
| | Investment expenditures | 18.7 | 18,871.5 | 5.9 | 18,207.1 | 4.6 | -3.5 | 20,561.7 | 7.7 | 12.9 | 31,558.1 | 10.1 | 53.5 | 70,400.7 | 20.5 | 86,121.3 | 21.8 | 64,271.2 | 18.5 |
| | Financial expenditures | -0.3 | 33,758.5 | 10.6 | 28,000.6 | 7.0 | -17.1 | 29,563.9 | 11.1 | 5.6 | 33,446.6 | 10.8 | 13.1 | 33,656.7 | 9.8 | 33,791.7 | 8.6 | 35,028.8 | 10.1 |
| | Total of the Operating Section | -2.2 | 298,966.7 | 93.7 | 379,017.0 | 95.2 | 26.8 | 244,475.9 | 92.1 | -35.5 | 279,402.7 | 89.9 | 14.3 | 267,636.2 | 78.0 | 308,330.9 | 78.2 | 278,034.9 | 79.9 |
| | Reserves, surplus/deficit for the operating section | | 28,197.3 | | 15,377.1 | | | 1,709.8 | | | 858.8 | | | 1,320.0 | | 1,320.0 | | - | |
| | Total of the Development Section | 16.4 | 19,995.9 | 6.3 | 19,090.8 | 4.8 | -4.5 | 20,871.6 | 7.9 | 9.3 | 31,558.1 | 10.1 | 51.2 | 75,661.9 | 22.0 | 86,121.3 | 21.8 | 69,727.7 | 20.1 |
| | Reserves, surplus/deficit for the development section | | 349.0 | | - 17,774.4 | | | - 18,048.6 | | | - 24,154.8 | | | - 31,872.3 | | - 23,972.3 | | - 9,896.2 | |
| | Reserves | | 26,801.7 | | 55,347.9 | | | 52,950.6 | | | 33,192.3 | | | | | | | 9,896.2 | |
| | Current year Surplus/ Deficit | | 28,546.3 | | - 2,397.3 | | | - 19,758.4 | | | - 23,296.1 | | | | | | | - 9,896.2 | |
| | Cummulated surplus | | 55,347.9 | | 52,950.6 | | | 33,192.3 | | | 9,896.2 | | | | | | | | |

* Evolution for the period - represents the Expenditures' Compound annual growth rate for the analysed period 2016-2019

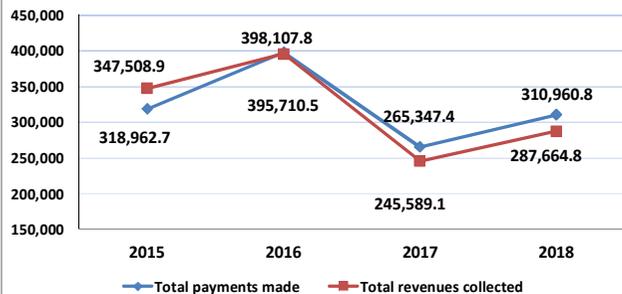
The dynamics of the expenditures incurred for the period 2016 - 2019

Functional classification

'000 RON



Total revenues collected and payments made



Between 2016 and 2019, the total payments made had an oscillating trend, averaging 0.8%, the maximum being at RON 398,107.8 th in 2017 (+24.8% versus 2016), while the year 2018 marked the total of RON 265,347.4 th, as well as the minimum of the period (-33.3% compared to 2017).

✓ The expenditures for **Education**, the main chapter within the local budget until 2018, registered an increase of RON 27,548.7 th (+21.5%) in 2017, compared to 2016. Starting with 2018, due to legislative changes as a result of the provisions of GEO 90/2017, the Staff Costs related to the Education chapter are no longer financed through the state budget, but through the Ministry of National Education, thus resulting in a total value of the Education expenses related to the year 2018 of RON 26,524.4 th (-83% compared to the previous year), growing in 2019 by RON 6,463.4 th (+24.4%). The expenditures with the most significant weight were related to Upper secondary education, registering an increase by RON 12,891.5 th (+23.1% vs 2016) in 2017 and in 2019 there was an increase of RON 4,156.5 th (+32.4% vs 2018). Expenditure on Lower secondary education followed the same trend and registered an increase of 51.5% in the last year, compared to 2018 (+RON 1,792.4 th. Expenditure on Pre-school and Elementary Education had an oscillating trend, similar to that for Secondary education, registering an increase in 2017 with RON 7,819.1 th (+19.3%).

✓ Within the **Fuel and Power** chapter, a significant level of payments was made in 2017, respectively RON 58,968.8 th (+37.7% vs 2016), followed by significant decreases in the following years: by 52.3% in 2018 (-RON 30,848 th), respectively by 44.8% in 2019 (-RON 12,585 th), mainly due to the evolution of investment expenses. These were related to the POS Environment 2007-2013, Priority Axis 3, Refurbishment of the district heating system in Bacău Municipality, in order to comply with the environmental protection standards for air pollutant emissions and to increase the efficiency in delivering the urban heating energy (with financing from The Cohesion Fund and the Local Budget), the works being started in 2012.

✓ Within the **Insurance and Social Assistance** chapter, the expenditures registered an increasing trend, in 2017 the value of the expenditures made the highest increase of the period, being by 26.4% over the previous year's level (+RON 10,372.6 th). Within the chapter, a significant share is held by the *Social assistance for the disabled* expenditures, which recorded an increasing trend throughout the analyzed period (+25% in 2017, at the level of RON 21,652 th, +12.3% in 2018, at the level of RON 24,306.9 th and +22% in 2019, at the level of RON 29,654.8 th) and *Other expenditures in the insurance and social assistance field* (also marking an upward trend, respectively +40.2% in 2017 to the value of RON 14,995.3 th, followed by a slight decrease of 3.3% in 2018 compared to the previous year and 0.3% in 2019 vs 2018). Increasing growth also recorded expenditures for *Nurseries*, +30.2% in 2017, +28.4% in 2018 and 15.4% in 2019 (to RON 5,505 th).

✓ The **Transport** chapter is represented in large proportion by *Streets* expenses, registering a decrease of 18.7%, compared to 2016, as a result of an increasing trend, with a maximum registered in the last year of the analysis of RON 33,822.4 th and a minimum value of RON 8,722.4 th realized in 2017. In 2013, urban infrastructure rehabilitation projects were launched, with the general objective of streamlining urban and transit traffic, supported by the European Regional Development Fund (ERDF). Thus, investment expenditures, most of them amounts allocated to projects financed by non-reimbursable funds, registered a significant level in 2016 of RON 4,377.2 th, to the value of RON 41.1 th in 2017, following the ending works.

The dynamics of the expenditures incurred for the period 2016 - 2019

Functional classification

'000 RON



✓The expenditures for **Culture, recreation and religion** marked an upward trend with an important level in the base year 2019 of RON 30,225.2 th. In 2019, the expenditures for *Maintenance of public gardens, parks, green areas, sports and leisure centers* recorded the highest level of the analyzed period of RON 14,563.8 th (+11.4%), and the lowest level was registered in 2017 at the a value of RON 8,625.3 th (-13.2%), mainly as a result of carrying out investment expenses at a level reduced in 2018 to RON 13,077.7 th (+51.6%). Spending on *Sport* has recorded an oscillating trend during the analysis period, starting from a value of RON 6,888.9 th in 2016, in 2017 (-10.2%, to a minimum level of RON 6,183.4 th) up to the level of RON 7,029.6 th (+13.7%) in 2018, and in 2019 it was registered a maximum level of RON 8,567.3 th (+21.9%).

✓The **Environmental protection** registered a 23.9% average increase, following an upward trend throughout the analyzed period. The most significant share of payments made was the chapter on *Sanitation and waste management*, marking an important increase in 2019, +31.1% at a maximum level of RON 40,556 th, and a minimum level in 2016 of RON 22,737.8 th. Expenditure on *Canalization and treatment of wastewater* recorded a low level in 2016 of RON 2,755.6 th, the payments made in 2017 being 94% higher. In 2018, there was a decrease of payments made in amount of RON 2,046.8 th (-38.3% compared to 2017), followed by a significant increase in the last year of analysis, reaching a maximum level of RON 7,921.7 (+140.1%).

✓The **Housing, public services and development** chapter registered an upward trend during the analyzed period, with a maximum registered in the base year 2019 of RON 11,673.1 th (+15.1%). The expenditures for *Public lighting and rural electrification* performed recorded a maximum level of RON 5,357.7 th in the last year of analysis (+6.6% vs 2018) and a minimum level of RON 4,197.8 th in 2016. The expenditures for *Other services for housing, public services and rural development* marked an upward evolution in the period 2017-2019, respectively +10.9% 2018, at a level of RON 3,479.8 th and +31% in 2019 at the level of RON 4,560 th, being the maximum registered during the analysis period. In 2017, there was a decrease with 28.4%, registering a minimum level of RON 3,138.4 th, compared to 2016 (in amount of RON 4,381.8 th).

✓The expenditures for **Health** recorded an oscillatory trend between 2016 and 2019, in 2016 the value of these expenditures being of RON 7,365.4 th, following a decrease until the minimum value of RON 5,915.8 th in 2017 (-19.7%), establishing in 2018 at the level of RON 8,874.8 th (+50%), and in the year 2019 there was a small increase of 5.6% (+499.9 th RON), reaching a maximum level of RON 9,374.7 th. The expenditures were made exclusively for the *General hospitals* subchapter during the whole period analyzed.

✓The chapter **Public Authorities and external actions** registered an upward trend during the whole period analyzed, with a maximum registered in the base year 2019 amounting to RON 41,274.8 th (+6.3%) and a minimum level in amount of RON 17,747.9 th in 2016. In 2017, was recorded the most significant increase in amount of RON 20,305.6 ths (up to the level of RON 38,053.5 th, +114.4%), followed by a small increase of 2% in 2018 (+RON 771.1 th, up to the value of RON 38,824.6 th). The expenditures were made exclusively for the paragraph Executive authorities.

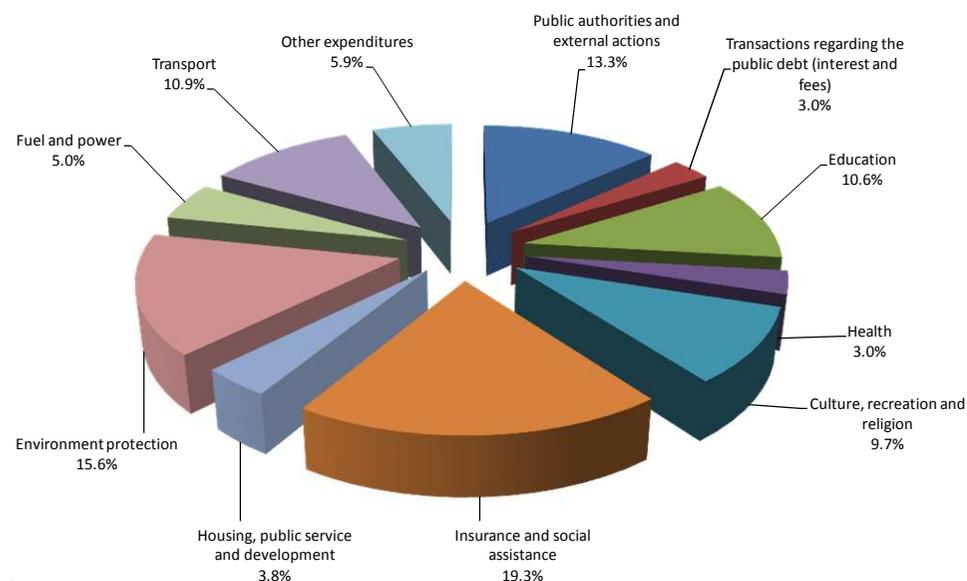
The evolution of expenditures incurred for the period 2018 - 2019

Functional classification

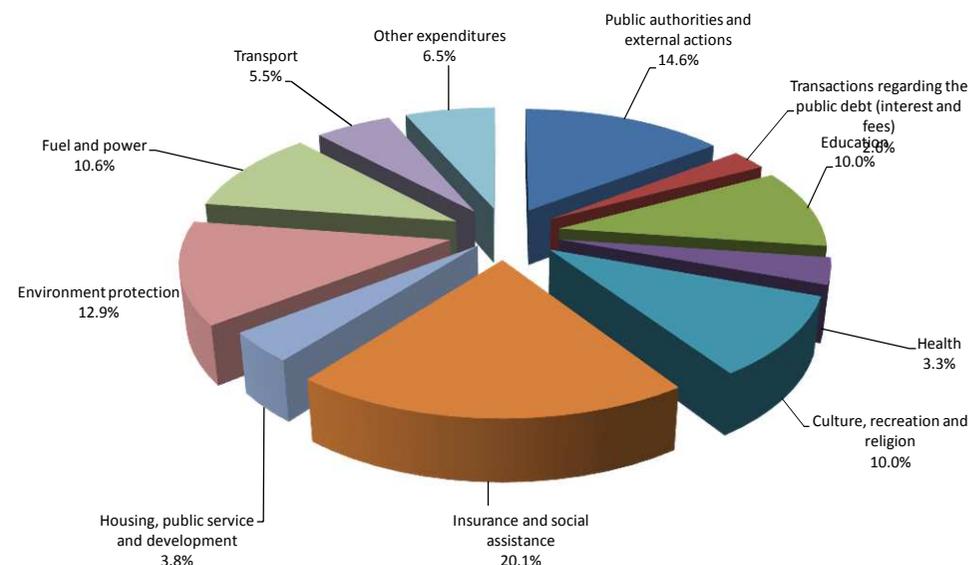
'000 RON



The structure of payments made in 2019



The structure of payments made in 2018



The expenditures incurred in 2019 had an upward evolution, registering a higher value by RON 45,613.4 th (+17.2%) compared to the previous year.

✓ Within the **Transport** chapter, the payments made increased by RON 19,177.2 th (+130.9%) as compared to the previous year. At the level of the sub-chapter Road transport there was an increase of RON 20,444.6 th, reflected exclusively at the level of the expenditures with the Streets, while recording a decrease at the level of the sub-chapter Other expenditures for transport (by RON 1,267.5 th, -53.1%). From the economic perspective, at the level of Goods and services and Capital expenditures, there were increases by RON 11,544.3 th (+133.6%), respectively RON 8,162.9 th (+168.8%).

✓ Expenditure incurred under the **Environment Protection** chapter increased by RON 14,294.7 th (+41.8%). Thus, the main increase is recorded at the level of the Sanitation and waste management subsection (+RON 9,671.7 th, +31.3%), by the increase of the payments made with the Collection, treatment and destruction of waste by RON 8,922.1 th (+46.9%), followed by an increase in the level of Canalization and treatment of wastewater (+4,623 RON th, +140.1%), and from the economic point of view, the main influence is on the expenditures with Other transfers, respectively by RON 8,525.4 th (+225.2%), Goods and services (+RON 3,047.9 th, +12.9%) and Staff costs (+RON 2,134.2 th, +37.2%), offset by the decrease of the Reimbursement of Loans by RON 2,617.4 th (-90.1%).

✓ Expenditure related to the **Insurance and Social Assistance** chapter increased by RON 6,698.7 th compared to the previous year (+12.6%). The increases are mainly related to expenditures with Social assistance for the disabled (by RON 5,347.9 th, +22%), followed by Nurseries (by RON 735.7 th, +15.4%). From the economic perspective, the largest variation was registered in the Staff Costs (by RON 6,448.3 th, +28.7%) and those with Social Assistance (by RON 928.4 th, +4.3%).

✓ The **Education** chapter had a increase in expenditures in 2019 (+24.4%), by RON 6,463.4 th over the level achieved in 2018. This increase is due to the higher payments related to Secondary education, mostly at the level of Upper secondary education by RON 4,156.5 th (+32.4%) and Pre-school and Elementary Education by RON 832.2 th (+9.1%). From an economic point of view, the evolution is reflected by the increase of the expenditures for Current repairs (+RON 2,765.4 th, +143.8%), Goods and services (+RON 2,181.1 th, +16.5%) and Fixed assets (+RON 1,361.4 th, +106%).

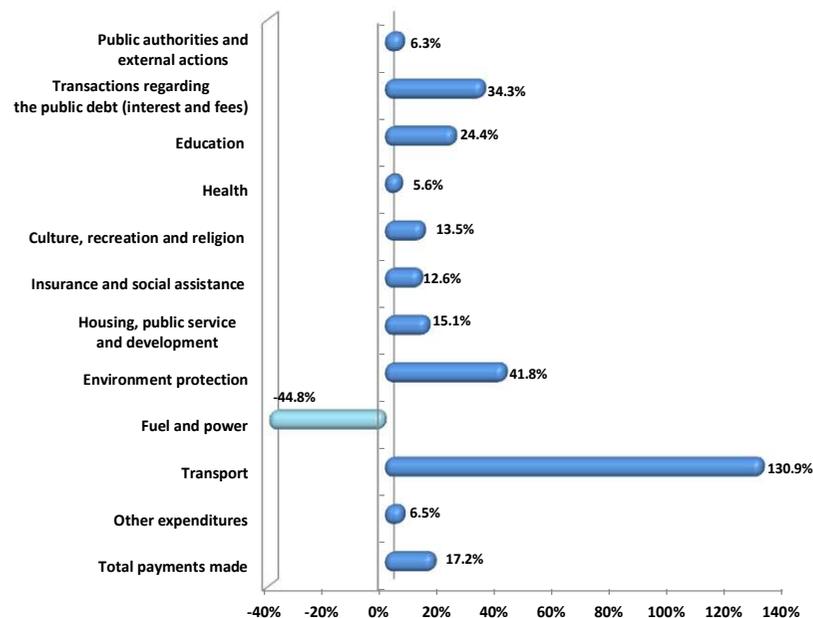
The evolution of expenditures incurred for the period 2018 - 2019

Functional classification

'000 RON



Functional expenditures variation



✓The chapter **Culture, recreation and religion** recorded a level of RON 3,602 th (+13.5%) over the same period of the previous year, mainly due to the evolution reflected under the paragraph Sports (+RON 1,537.6 th, +21.9%), followed by Maintenance of public gardens, parks, green areas, sports and leisure centers (+RON 1,486.1 th, +11.4%). From the economic perspective, the dynamics of transfers between public administration units (+3,493 th, +34.5%), Goods and services (+RON 1,745.4 th, +24.2%) and Other expenditures (-RON 1,513.3 th, -47.5%).

✓Within the chapter **Public Authorities and external actions** the payments registered increased by RON 2,450 th (+6.3%) compared to the previous year. From an economic point of view, the dynamics was reflected by the increase of Staff costs (+RON 3,358 th, +26.2%), corroborated with the decrease of the expenditures with Goods and services (-RON 1.406.5 th, -25.6%) .

✓The chapter **Transactions regarding the public debt** registered an increase of RON 2,358.1 th (+34.3%). From the economic perspective, this increase is due to higher payments related to Interest (+RON 2,784.1 th, +44.3%) and lower payments related to Goods and services (-RON 426 th, -73.3%).

✓The expenses related to the chapter **Housing, public services and development** registered an increase by RON 1,532.5 th (+15.1%) compared to the previous year, this being mainly due to the increase of payments related to Other services for housing, public services and rural development (+RON 1,080.3 th, +31%) and Public lighting and rural electrification (+RON 329.6 th, + 6.6%). From the economic point of view, the biggest variation was recorded in the level of expenditures related to Goods and services by RON 1,018.6 th (+14.7%), Staff costs by RON 984.9 th (+38%) and Capital expenditures by RON 461.4 th (-74%).

✓Payments made within the **Other expenditure** group were by RON 1,121.7 th (+6.5%) over expenditures executed in 2018, significant increases being registered at the level of the expenditures with the Local Police (+674.4 th, +5.7%, from the economic perspective reflected in Transfers between units of the public administration), Other general public services (+430.9 th, +8.4%) and those with the Community public services for persons evidence (by 316.9 RON th, +12.5%), and from an economic point of view, these increases are in the level of Transfers between units of the public administration.

✓**Health** expenditures recorded an increase of RON 499.9 th (+5.6%) compared to the previous year, exclusively at the level of General Hospitals. From an economic point of view, in the 2019 payments were recorded at the level of Current transfers (Health actions) by RON 1,130.1 th (+16%) over the level of 2018, and regarding the Capital expenditures, there were decreases related to Fixed assets (-RON 499.8 th, -38.9%).

✓The payments made within the **Fuels and Power** chapter were RON 12,585 th below the level registered in 2018 (-44.8%). From the functional classification point of view, this increase is mainly found in expenditures on Heating energy (by RON 13,181 th, -62.3%), corroborated by an increase of 8.5% (+RON 595.9 th) of the Other expenditures for fuel and power. From the economic perspective, the largest negative variation is recorded at Subsidies (by -RON 17,149.4 th, -81.1%), corroborated with the recording of Reimbursement of Loans (amounting to RON 3,968.4 th, amounts that do not have were registered at Q4 2018). At the end of 2018, a loan from the Ministry of Public Finance was contracted, exclusively for the financing of some current expenditures for ensuring the supply of thermal energy in the cold season. GEO 89/2018; which generated the mentioned variations (payment of subsidies from the budget of loans, and reimbursements related to this facility).

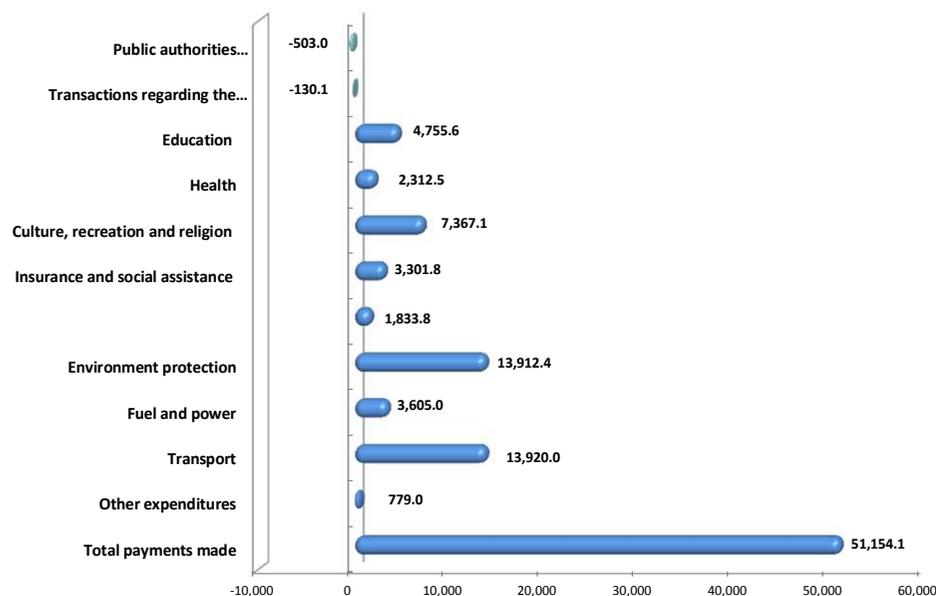
Budgetary provisions

Functional classification

'000 RON



Revised budget at Q4 2019 as compared to the planned budget



Following the budget revision, expenditures were increased by 14.9% (+51,154.1 th RON) compared to the initial budget. The dynamics of the expenditures was reflected in the main chapters as follows:

✓ The **Transport** chapter registered, after the rectification, the highest increase, respectively by RON 13,920 th (+41%), as a result of the higher allocations at the Streets level by RON 14,021.5 th (+43.6%). The dynamics was generated, from an economic point of view, by increasing the provisions for Capital expenditures (+RON 8,911.1 th, +80.1%), mainly found at the level of Constructions (+RON 9,210 th) and Other fixed assets (-RON 298.8 th), followed by Goods and services by RON 3,917.4 th in the rectified budget (+17.7%) and Projects financing from non-refundable external funds (NEF) related to the 2014-2020 financial framework (provided in the budget rectified at the level of RON 1,109.8 th, amounts that were not provided in the initial budget).

The investment plan for the 2019, for the **Transport** chapter, totaled the amount of RON 20,040.3 th, thus: RON 8,833.9 th allocated from the Local Budget, of which RON 2,405.5 th allocated for the ongoing works, respectively the redevelopment of the intersection in the roundabout system for the Calea Romanului-b-dul Unirii streets and RON 2,042.4 th for Other investment expenses; RON 11,206.4 th from transfers from other authorities, of which RON 9,673.7 th for the ongoing works related to the rehabilitation of the Airport street.

✓ **Environmental protection**, budgetary provisions rectified in a positive sense, by RON 13,912.4 th (+22.6%), reflected mainly in the sub-chapter Sanitation and waste management (by RON 13,697 th, +75.8%). From the economic perspective, expenditures on Goods and Services were increased by RON 13,044.3 th (+66.2%) and Other transfers by RON 945 th.

Within the list of the investment objectives of 2019, for the **Environmental Protection** chapter, funds were allocated in amount of RON 23,795.5 th, of which RON 20,777.6 th from transfers from the State Budget and RON 960.9 th from the Local Budget for the ongoing objectives related to the works for the Water Reserve of Bacău Municipality.

✓ **Culture, recreation and religion**, a chapter which increased by RON 7,367.1 th following the rectification (+21.4%), as a result of the increase by RON 7,324.6 th (+27.3%) in the subchapter Sports' services. From the economic point of view, the provisions for Projects financing from non-refundable external funds (NEF) related to the 2014-2020 financial framework registered a value of RON 5,492.9 th (amounts that were not stipulated in the initial budget), followed by the increase of the provisions budget for Transfers between public administration units (+RON 2,937.8 th, +25.6%), counterbalanced by the reduction of allocations for Capital expenditures, respectively rectified budgetary provisions by 29.4% (-RON 1,775.9 th).

Within the list of investments related to the budgetary rectification of the year 2019, for the chapter **Culture, recreation and religion**, funds amounting to RON 19,737.5 th were allocated, of which RON 1,489 th allocated from the Local Budget and RON 15,475 th from the Internal Loans Budget for the ongoing works related to the rehabilitation and modernization of the "Leisure Island" and RON 1,127.2 th for other investment expenditures.

✓ At the level of the **Education** chapter, the budgetary allocations were increased by RON 4,755.6 th (+13.9%) compared to the initial ones, mainly within the Secondary education (by RON 3,494.1 th, +15.2%), followed by Pre-school and Elementary Education (by RON 675.9 th, +6.1%). From an economic point of view, the budget provisions related to Goods and services were increased (by RON 4,513 th +19.4%). The investment objectives related to the **Education** chapter include allocated funds of RON 4,681.8 th, wholly from the Local Budget, of which RON 1,840 th for the ongoing works for Consolidation, modernization and construction of the sports hall and workshops at the Sports High School and RON 1,425.2 th for other investment expenses.

✓ The **Fuels and Power** chapter, after the rectification, registered an increase of RON 3,605 th (+22.6%), as a result of the higher allocations in the Heating energy by RON 4,000 th (100%). From an economic point of view, the dynamics was generated by the registration of Subsidies in the amount of RON 4,000 th in the rectified budget (amounts that were not provided in the initial budget).

The capital expenditures related to the rectification of 2019, for the chapter **Fuels and Power**, included investments worth RON 2,454.9 th, of which RON 2,440 th allocated from the Local Budget for the ongoing works, respectively the modernization of the SACET Bacău - Ring closure of the Sofret with Comisa.

✓ **Insurance and social assistance**, a chapter that was rectified by raising the initial budget forecast by RON 3,301.8 th (+5.6%). The final provisions were redistributed mainly by the addition of the Social support by RON 2,513.9 th (+97.3%), followed by those for Social assistance for the disabled by RON 550 th (+1.9%) were rectified and those for Nurseries by RON 422.6 th (+7.3%). From the economic perspective, the largest absolute increase, respectively of RON 4,603 th, was reflected in the expenditures by Social Assistance, followed by the decrease of the Staff costs by RON 1,964.9 th (-6.3%).



✓ **Health**, a chapter that registered following the rectification an increase of the provisions by RON 2,312.5 th (+15%), fully at the level of the General Hospitals paragraph, reflected economically at the level of Transfers between units of the public administration.

Within the list of the investment objectives of 2019, for the **Health** chapter, funds amounting to RON 17,894.8 th were allocated, of which RON 7,902.4 th were allocated from the Local Budget and RON 9,992.4 th were allocated from the Internal Loans Budget for the ongoing objectives related to the works for the construction of the Bacau Municipal Hospital.

✓ **Housing, public services and development**, rectified budget provisions by increasing the level by RON 1,833.8 th (+14%), especially at the level of Public lighting and rural electrification (+RON 2,101 th; +44.8%). From an economic perspective, the dynamics is reflected in the level of Goods and services, which were increased by rectification by RON 2,041.8 th (+25%), offset by the decrease of the Capital expenditures level by RON 173.6 th (-13.6%).

Within the list of investment objectives for 2019, for the chapter **Housing, public services and development**, funds amounting to RON 53,446.3 th were allocated, of which RON 52,342.4 th were allocated from the External Loans Budget for the ongoing works related to the modernization of a large part of the street lighting system and RON 849.2 th allocated from the Local Budget for Other investment expenditures, unused until the end of the year.

✓ **Other general public services**, chapter rectified by increasing the level by RON 1,079 th (+17.2%) at the level of the Other general public services sub-chapter (+RON 833 th; +25.3%). The evolution is reflected from the economic perspective in the level of expenditures on Goods and services, increased by RON 854.1 th (+60.5%), followed by the increase of Staff costs by RON 177 th (+5.8%).



Expenditures execution degree from the revised budget at Q4 2019

The budgetary expenditures in the year 2019 were RON 310,960.8 th, by RON 83,491.4 th below the final provisions of the period, having an achievement of 78.8%, compared to the initial provisions, the execution degree was 90.6%.

✓ **Environmental protection** chapter, compared to the final budget, a 64.1% achievement was registered, lower payments were for: Canalization and treatment of wastewater (execution rate 27.8%, -RON 20,550.8 th), Sanitation and waste management (execution rate of 86.1%, RON -6,546.1 th). Payments below the final provisions were recorded for Capital expenditures (execution rate 18.7%, -RON 19,342.6 th) and for Goods and services expenditures (execution rate 81.2%, -RON 6,149.5 th) and Other transfers (execution rate 86.5%, -RON 1,432.9 th).

✓ **Transport** chapter, compared to the final provisions, was registered an execution degree of 70.7%. At the level of the Transport on roads, there is a decrease of RON 13,447.3 th (execution rate 70.9%), exclusively at the level of the Streets section. From the economic point of view, the Capital expenditures registered a significant decrease by RON 7,042.6 th (execution rate 64.9%), followed by lower expenditures on Goods and services by RON 5,839.3 th (execution rate 77.6%).

✓ **Culture, recreation and religion** recorded a performance level of 72.2% compared to the final provisions (decrease by RON 11,638.5 th). Thus, at the level of the subchapter Sports' services there was an achievement of 69.1%, respectively a decrease in the volume of expenditures by RON 10,534.3 th, reflected also in the level of Other services in the field of culture, recreation and religion (RON -423.3 th, execution degree 52.5%). From the economic perspective, the decrease of the payments made compared to the final budget was found especially at the level of Projects financing from non-refundable external funds, related to the 2014-2020 financial framework. (execution rate 0.01%, RON -RON 5,492.2 th), followed by Goods and services (execution rate 79.3% , -RON 2,329.6 th) and Capital expenditures (execution rate 46.6%, -RON 2,275.6 th), exclusively at the level of Fixed asstes.

✓ **Health**, achieved an achievement degree of 52.8%, being by RON 8,390.9 th below the final provisions, this impact reflecting only at the level of the General hospitals. From the economic perspective, reduced payments were recorded mainly at the level of the Capital expenditures, respectively an execution rate of 9.9% (-RON 7,117.4 th), mostly at the level of Contributions and at the level of Transfers between public administration units (achievement level of 87.5%, -RON 1.232.9 th), mostly at the level of Capital transfers.

✓ Within the chapter **Public authorities and external actions**, the achievement rate, compared to the final budget, registered an execution level of 84.9%, being by RON 7,327.8 th below the predicted level. From an economic point of view, the impact is also reflected by payments made under the ceiling, especially at the level of Goods and services (achivement of 59.2, -RON 2,820.1 th), Projects financing from non-refundable external funds related to the 2014-2020 financial framework (achievement of 11.6%, -RON 2,715.7 th) and Capital expenditures (achievement of 31.5%, -RON 1,507 th).

✓ **Education**, with an achievement of 84.9%, the total payments made were by RON 5,888.7 th (-15.1%) below the final provisions. All components of this chapter were below the final provisions, so that Secondary education registered a 86.6% execution rate (-RON 3,544.6 th), Pre-school and elementary education 85.1% (-RON 1,734.5 th). From an economic point of view, lower payments are in the level of Goods and services (execution rate 87.1%, -RON 3,574.9 th) and at the level of Capital Expenditures (-RON 2,036.7 th), with an achievement of 56.5%, exclusively at the level of Fixed Assets.

✓ In the chapter **Housing, public services and development**, compared to the final provisions, an execution degree of 78.1% was registered. At the level of the subchapter Public lighting and rural electrification, a decrease by RON 1,435.5 th (achievement degree 78.9%) is observed, followed by the sub-chapter Other services for housing, public services and rural development by RON 1,252.9 th (achievement degree 78.4%). From the economic point of view, the major impact is found at the level of expenditures with Goods and services, respectively by RON 2,258 th (achievement degree 77.9%) below the ceiling, followed by Capital expenditures by RON 941,9 th (achievement degree 14.7%).

✓ **Insurance and Social Assistance**, within this chapter, the degree of achievement compared to the rectified budget reached 97%, respectively the volume of payments was by RON 1,833.6 th (-3%) below the final budget. The dynamics was supported mainly by Other expenditures in the field of insurance and social assistance lower by RON 802.6 th (execution degree 94.7%) and Nurseries (execution degree 89.2%, -RON 667.2 th). From the economic perspective, reduced rates of performance are reflected in the expenditures on Goods and services (92.3%, -RON 644.2 th), at the level of the Projects financing from non-refundable external funds, related to the 2014-2020 financial framework (amounts that were not provided in the budget execution amounting to RON 309.2 th), at the level of Staff costs (98.9%, -RON 307.7 th), and those with Social Assistance (99.1%, -RON 202.9 th).

✓ **Fuel and power** have reached an achievement compared to the final budget of 90.5%; they fall below the budget provisions at the level of the Other fuel and power expenditures line, respectively lower payments by RON 1,606.2 th (achievement degree 82.5%), reflected also in the Oher transfers (-RON 1,204.7 th, achievement 53.2%) and those related to Projects financed from non-reimbursable external funds (NEF) post adhesion, down by RON 355.2 th (an achievement of 88.1%).

Table of contents Part III

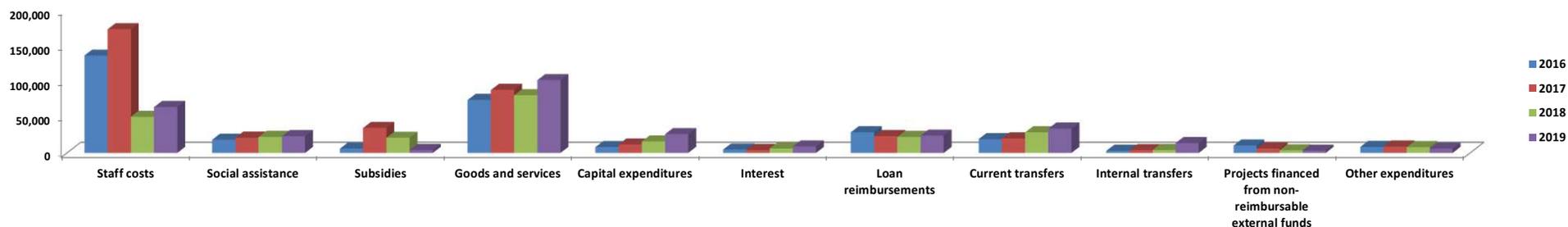
Part III: Budgetary expenditures (economic classification)

- The dynamics of the expenditures performed in the period of 2016 - 2019
- The variation of the expenditures performed in 2019, as compared to the level attained in 2018
- Budgetary provisions: the achievement degree of the expenditures performed in 2019
- Expenditures ratios
- Budgetary provisions for 2020

The dynamics of the expenditures incurred for the period 2016 - 2019

Economic classification

'000 RON

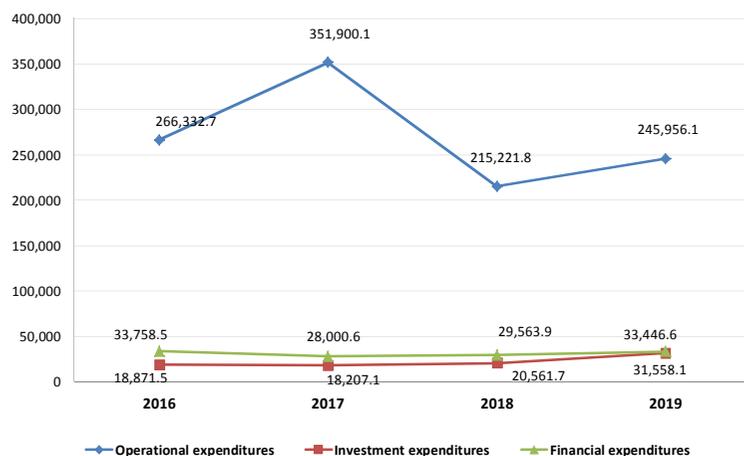


Cheltuieli economice 2016 – 2019

The **Operational expenditures** marked an oscillating trend in the analyzed interval, with a decrease of 38.8% in 2018/2017 (-RON 136,678.3 th), a maximum registered in 2017 at the total value of RON 351,900.1 th, respectively an increase of 32.1% compared to the previous year and ends the analyzed interval with an increase of 14.3% (up to the value of RON 245,956.1 th).

✓ **Staff costs** posted an upward trend until 2017, with an increase of 27% (+RON 36,978.8 th) and in 2018 will be registered a significant decrease of 70.7% and in 2019 an increase of 26.6% (up to the level of RON 64,431 th). In 2017, higher expenditures were made mainly within the Education (by RON 22,619.7 th) and Insurance and Social Assistance (by RON 5,497.7 th) chapters, in 2018 were targeted the chapters of Education (-RON 130,626.7 th, payments that were not made in the current year) and Insurance and social assistance (+RON 4,045 th), and in 2019 the majority in Insurance and social assistance (+RON 6,448.3 th) and Public Authorities and external actions (+RON 3,358 th). The reduction of the Staff costs is based on the Emergency Ordinance no. 90/2017 regarding some fiscal-budgetary measures, the modification and filling of some normative acts and the extension of terms, according to which starting with 2018, from the state budget, through the budget of the Ministry of National Education, is ensured, for the state pre-university education units, financing the Staff costs, bonuses, allowances and Other remuneration rights paid in cash, established by law;

Total payments made



✓ Payments for **Goods and Services**, excluding commissions and other costs for debts, had an oscillating evolution and a decrease in 2018 by 9.1% (-RON 7,888.4 th). In 2017, the registered expenditures, in amount of RON 88,386.1 th, were 18.9% above the level of 2016, and the year 2019 marked the highest level in the range, of RON 102,096.3 th (+RON 21,709.6 th, +27%). Within the chapter, important weigh recorded the payments made for:

- **Heating, lighting and driving force**, with an oscillating evolution in the analyzed interval (in 2016 at a maximum level of RON 20,862.8 th), in 2017 recording a decrease by 20.7%, in 2018 recorded a small increase by 3.7% up to the value of RON 17,160.8 th, and in the year 2019 a growth of 13.8% reaching RON 19,527.8 th. These expenditures were mainly reflected in the chapters: Fuels and power, Education and Housing and public services and development. The payments made under the Fuels and power chapter during the period 2014-2016 represented the CET Bacau debts on the debts to C-GAZ & ENERGY Distribution taken over by the City Hall, their level being RON 4,628.1 th in 2016.

- **Other goods and services for maintenance and functioned** recorded an upward evolution starting in 2016 from a value of RON 17,388.7 th, followed by an increase in expenditures in 2017 (+17.7%) reaching RON 20,466.2, th and again an increase of 15.3% up to the level of RON 23,592 th in 2018, and in 2019 it will increase by 6.3% (to RON 25,081.9 th). These expenditures have been highlighted mainly at the level of the Environmental Protection chapter.

- **Current repairs**, this chapter also recording an upward trend over the entire analyzed period, from RON 6,689.3 th in 2016, to a value of RON 8,288.4 th in 2017 (by 23.9% over the previous year's level), by 36.8% in 2018, followed by a significant increase of 126.6% in the base year 2019 (up to RON 25,695.4 th). Mainly, these expenditures were reflected in the Transport chapter.

The dynamics of the expenditures incurred for the period 2016 - 2019

Economic classification

'000 RON



- Contributions of the local public administration to the achievement of some public local services based on partnership or association agreements. During the analyzed period, these expenditures, mostly recorded under the Insurance and Social Assistance and Education chapter, recorded an oscillating trend, the most important level being recorded in 2017 (RON 8,370.3 th) in 2018 having a near value, respectively of 8,009.1 ths RON (-4.3% compared to 2017), followed by a small increase by 2.3% in 2019, above the level of 2018. The minimum was achieved in 2016, in amount of RON 5,459.4 th.

✓The **Subsidies** are fully reflected in the Fuels and Power chapter. The year 2017 records payments amounting to RON 35,085.6 th (+484.8% compared to the previous year), respectively the highest level in the analyzed period. This increase is due to the payments made for Other subsidies (in the amount of RON 23,049.3 th, amounts that were not registered in the previous year) and the Subsidies for covering the differences on prices and tariffs (+RON 6,036.3 th). In the following years, the Subsidies registered decreases, by 39.7% in 2018, respectively by 81.1% in 2019, these being mainly due to the registration of smaller payments for Other subsidies (by 51.7% in 2018 and by 64.1% in 2019) and Subsidies for covering the differences on prices and tariffs (with 16.9% in 2018, and in 2019 they were null).

✓The **Current transfers** registered an upward trend during the analyzed period, by +5.1% in 2017 (+RON 1,001.9 th), +40.8% (+RON 8,339.8 th) in 2017, respectively by 18.3% in 2019 (+RON 5,283.9 th). Transfers to public institutions increased from a level of RON 15,294 th in 2016 to RON 25,900.6 th in 2019, being, for the most part, related to the chapters Public order and national security, respectively Local Police, and Culture, recreation and religion. The transfers regarding the Health Actions are entirely related to the Health chapter, and registered a substantial increase in 2018 (+40.4%) and in 2019 (+16%), reaching the level of RON 8,181.5 th.

The **Investment expenses** recorded an oscillating evolution, starting from the value of RON 18,871.5 th in 2016, followed by a small decrease in 2017 (-RON 664.4 th, preceded by a small increase in 2018 of 12.9% (+RON 2,354.6 th) and a substantial increase in the base year 2019 of 53.5% (+RON 10,996.5 th, up to the level of RON 31,588.1 th).

✓The **Projects financing from non-refundable external funds (NEF) post adhesion** had an oscillating trend, during the analyzed period being undertaken numerous investment programs with financing from non-refundable external funds, mainly within the Transports (from the European Fund for Regional Development) and Fuel and power (from the Cohesion Fund) chapters. The payments made for the programs developed by the *European Fund for Regional Development* registered a significant decrease in 2017 (-RON 6,021.8 th), as a result of lower payments recorded for Transport (-RON 4,336.1 th, -99.1%) and for Culture, recreation and religion (-RON 1,677.4 th, -98.9%). In 2018, expenditures amounting to RON 379.3 th (+319.8% compared to the previous year) were made, entirely at the level of non-eligible expenditures. The year 2019 registered a decrease by 76.5% (-RON 290.1 th, up to the value of RON 89.2 th). The amounts allocated for the projects developed from the *Cohesion Fund* recorded a value of RON 4,219.2 th in 2016, in 2017, the payments made were in the amount of RON 5,986.7 th (+41.9%), in 2018 reflected a significant decrease of 48.1% up to the level of RON 3,106 th and in 2019 decreased to the value of RON 2,621.8 th (-15.6%).

✓The **Capital expenditures** marked an upward trend in the analyzed period with an average compound growth of 48.3%. In 2016, within the Health chapter, investments from the local budget were made in the amount of RON 296.9 th, mainly related to the Bacau Municipal Hospital; in the following years, these payments registered increases (in 2017 of RON 568.5 th and in 2018 of RON 420.4 th), and in 2019 they decreased by RON 499.8 th, up to the value of RON 786.1 th. The expenditures for Housing, public services and development recorded a downward evolution in the 2016 – 2019 period, from RON 2,415.4 th in 2016, respectively RON 1,217.6 th in 2017, in 2018 marking a level of RON 623.4 th and finalizing the interval to the value of RON 162 th (-74%) in 2019. Within the chapter Fuels and power, significant values were recorded in 2018 (RON 3,524.7 th), to decrease by RON 1,116.1 th (-31.7%) in 2019, up to the level of RON 2,408.6 th. The minimum level was reached in 2017 in the amount of RON 7.9 th (-99.2% compared to the previous year). Within the Capital Expenditures, the amounts allocated for the *Participation in the share capital of commercial companies* were recorded in 2016 in the amount of RON 2,000 th, fully within the chapter Housing, public services and development, and in 2017 they were not realized so of payments, following their registration in 2018 in the amount of RON 750 th, and in 2019 no such payments have been made.

✓The **Investments of the economic agents with state capital** marked a downward trend in the 2016-2018 period (in amount of RON 1,124.4 th in 2016, RON 954.8 th in 2017 and RON 372.9 th in 2018), and will register a significant increase by 264.9% (+RON 987.9 th) compared to the previous year, up to the value of RON 1,360.9 th. The payments made were mainly related to the Chapters Fuel and Power and Environmental Protection.

The **Financial expenditures** recorded an oscillating evolution during the analyzed period. In 2017, the payments made were RON 5,757.9 th below the level registered in 2016, as the balances of the ongoing financing decreased. The year 2018 ends with an increase of 5.6% of these expenditures, respectively by RON 1,563.4 th (up to the level of RON 29,563.9 th), and in 2019 there is an increase of 13.1% compared to the previous year (+RON 3,882.6 th). Mainly, the registered financial expenditures are related to the chapters Public Authorities and external actions and Fuels and power.

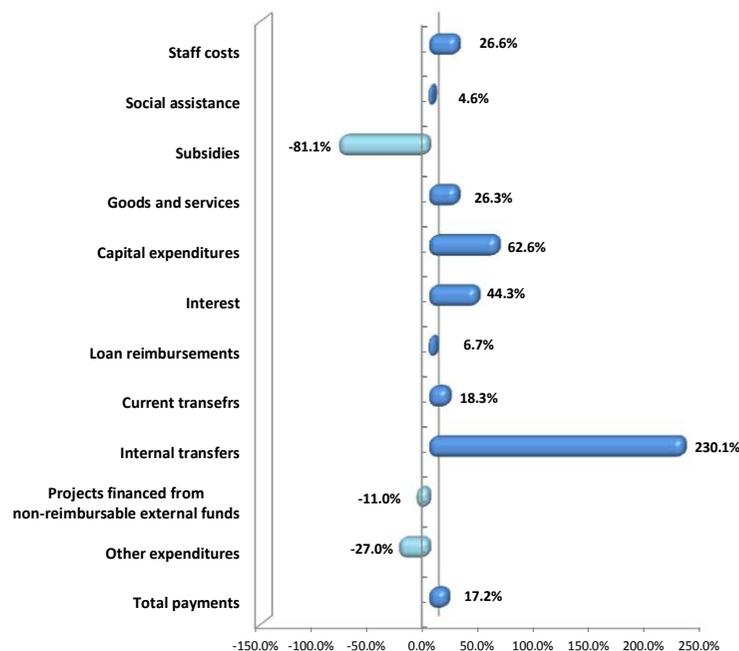
The dynamics of the expenditures incurred for the period 2018 - 2019

Economic classification

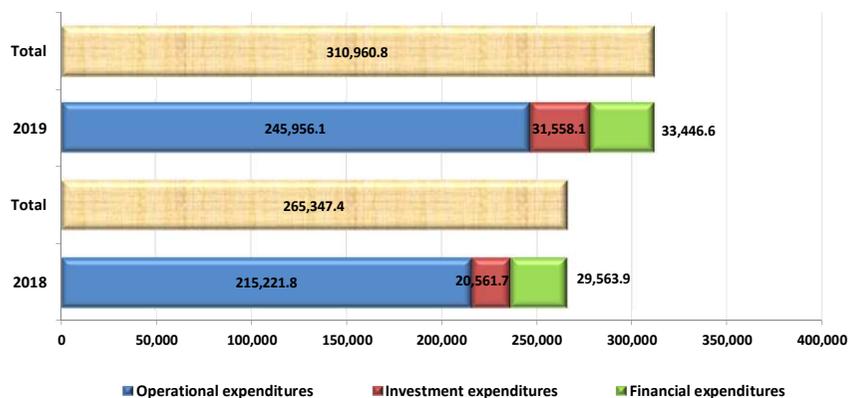
'000 RON



Economic expenditures variation



The structure of the payments made



At the level of the **Operational expenditures**, from the economic perspective, there is an increase of 14.3% compared to the previous year (by RON 30,734.3 th), mainly reflected in the following types of expenditures:

+ increase of expenditures related to **Goods and services** as a result of higher payments by RON 21,280.9 th (+26.3%), mainly within the Transport chapter (by RON 11,544.3 th, +133.6%), Education (by RON 5,177.3 th, +27.2%), Environmental protection (by RON 3,047.9 th, +12.9%), Culture, recreation and religion (by RON 1,745.4 th, +24.2%), Fuels and power (by RON 1,170.2 th, the expenditure that were not recorded in the previous year), corroborated with lower payments within the chapter Public Authorities and external actions (by RON 1,406.5 th, -25.6%)

+ increase of 26.6% in Staff costs (by RON 13,534.7 th) as a result of highest expenditures in the Insurance and social assistance chapter (by RON 6,448.3 th, +28.7%), followed by Public Authorities and external actions (by RON 3,358 th, +26.2%) and Environmental protection (by RON 2,134.2 th, +37.2%).

+ **Internal transfers** by RON 9,721.2 th over the payments made in the previous year at the chapter of Environmental protection (+RON 8,525.4 th) and Fuels and power (+RON 1,026.1 th);

+ **Current transfers** by RON 5,283.9 th over the payments made during the same period of the previous year, at the level of Transfers to the public institutions (+RON 4,153.8 th, within the chapters Culture, recreation and religion and Public order and national security) and at the level of Health actions by RON 1,130.1 th (increase reflected in Health chapter).

+ an increase of the **Social Assistance** expenditures by RON 1,040.4 th (+4.6%), within the chapters Insurance and social assistance (by RON 928.4 th, +4.3%) and Education (by RON 111.9 th, +11.5%);

- payments were made by smaller **Subsidies** by RON 17,149.4 th (-81.1%), respectively the recording of lower expenditures related to Other subsidies (-RON 7.143 th, -64.1%) and the null value of the Subsidies for covering the differences on prices and tariffs (in 2018, registering the value of RON 10,006.4 th), exclusively at the Fuels and power chapter;

Investment expenditures recorded a decrease by RON 10,996.5 th (+53.5%) as a result of:

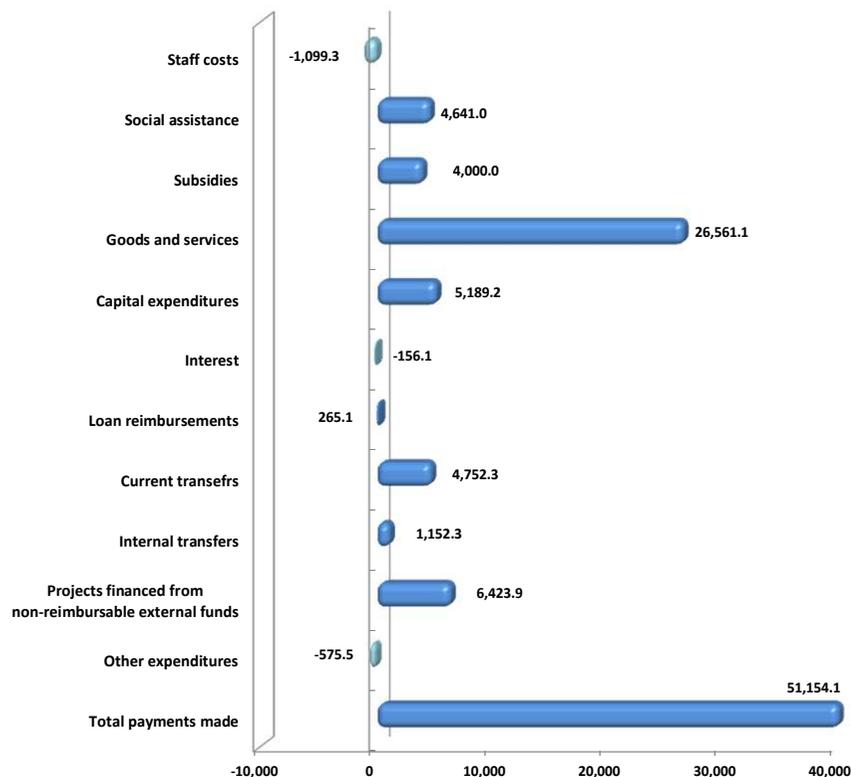
+ **Capital expenditures** executed by RON 10,160.9 th over the level achieved in 2018 (+62.6%), as a result of the evolution of payments with Fixed Assets (+70.5%, higher payments by RON 10,910.9 th), the increases being found mainly in the chapters Transport (by RON 8,162.9 th, +168.8%), Environmental protection (by RON 3,038.8 ths, +225.2%), Education (by 1,361.4 th, +106%), along with lower expenditures in the chapter Fuel and power (by RON 1,116.1 th, -31.7%), Health (by RON 499.8 th, -38.9%) and Housing, public services and development (by RON 461.4 th, -74%);

+ The **Investments of the economic agents with state capital** increased by RON 987.9 ths (+264.9%) above the level recorded in the previous year, as a result of the increase in payments made at the chapter Fuel and power (by RON 1,024.6 th, +331.8%), corroborated by a decrease in payments related to the Environmental Protection chapter (by RON 36.6 th, -57.1%);

- The amounts allocated for the **Projects financed from non-reimbursable external funds (NEF) post adhesion** by RON 774.4 th (-22.2%) lower than in the previous year, mainly in the Fuels and power chapter (by RON 484.2 th, -15.6%), mainly at the level of the Programs from European Fund for Regional Development (EFRD) and Culture, recreation and religion (by RON 290.1 th, -76.5%), mainly at the level of the Programs from Cohesion Fund (CF).



Revised budget at Q4 2019 as compared to the planned budget



From an economic point of view, the budget rectification targeted, in particular:

Increase of the **Operational Expenditures** by RON 32,598.5 th compared to the initial budgeted level (+1.5%), as a consequences of:

+ The **Subsidies** were provided in the rectified budget at the value of RON 4,000 th, these amounts not being provided in the initial budget, exclusively at the level of the chapter Fuels and power.

+ The **Social assistance** was rectified positively by RON 4,641 th (+24.4%), compared to the initial budget, mainly at the level of the Social support in cash (RON 2,440.9 th, +24.4%, variation found mainly in the chapter Insurance and social assistance), followed by an increase at the level of Gift tickets granted for social expenditures by RON 2,200.1 th (+88%, variation found exclusively in the chapter Insurance and social assistance).

+ **Current transefrs** (+RON 4,752.3 th, +15.6%), forecasts higher than the initial budget reflected in the level of Transfers to the public institutions found in the chapters Culture, recreation and religion (+RON 2,797.8 th, +24.4%) and at the level of Health actions (+RON 2,242.5 th, +36.8%) within the Health chapter.

+ The corrected expenses related to the **Goods and services** were increased by RON 26,561.1 th (+26.4%) as a result of the increase of the expenditures with Other materials and services for maintenance and functioning by RON 7,935.3 th (+35.4%), Other expenses with materials and services changes by RON 6,142.2 th (+86.2%), Current repairs by RON 5,160.2 th (+18.4%), Heating, lighting and driving force by RON 4,883.5 th (+28.1%), the variations found in high percentage in the chapters of Environmental protection, Education and Transport.

- The **Staff costs** rectified in minus by RON 1,099.3 th (-1.7%) compared to the initial level, reduced provisions being, in particular, for Allowances for food (by RON 554.5 th, -11%) and Base salary (by RON 218.7 th, -0.4%), variations found, mainly, in the chapter Insurance and social assistance (-RON 1,964.9 th, -6.3%), Public Authorities and external actions (+RON 318.5 th, +2%) and Environmental protection (+RON 251.5 th RON, +3.2%);

The **Investment expenditures** recorded an increase of RON 15,720.6 th (+22%) compared to the initial budget, based on the following:

+ increase of **Capital expenditures** by RON 5,189.2 th compared to the initial provisions (+8.4%), variation mainly in the Transport chapters (by RON 8,911.1 th, +80.1%), Culture, recreation and religion (-RON 1,775.9 th, -29.4%), Public Authorities and external actions (-RON 1.651.5 th, -42.9%). From an economic point of view, the dynamics was mainly generated by the increase of the provisions for Constructions (+RON 8,207 th, +16.2%) at the same time with the decrease of the provisions for Other fixed assets (-RON 3,068 th, -28.3%).

+ followed by the increase of the expenses related to the **Projects financed from non-reimbursable external funds (NEF) post adhesion** by RON 6,423.9 th (+91%) compared to the initial provisions, mostly found in the chapters Culture, recreation and religion (RON 5,492.9 th for the 2014-2020 financial framework, exclusively EFRD, amounts that were not provided in the initial budget) and Transport (RON 1,109.8 th, amounts that were not provided in the initial budget).

- within the chapter **Internal transfers**, lower investments were provided for Investments of the economic agents with state capital (-RON 1.337.5 th, -25.4%), mostly within the chapter Environmental protection.

At the level of the **Financial expenditure**, there is a small increase, respectively by RON 135 th, as compared to the initial provisions



Expenditures execution degree from the revised budget at Q4 2019

Operational expenditures were realized by RON 28,583.1 th less than the definitive provisions, marking an execution degree of 89.6%, reflecting the level of:

- Expenditure on **Goods and services**, which also registered a value of RON 15,301 th below the final provisions, with an achievement rate of 80.4%, as a result of lower payments at the level of Current repairs by RON 7,479.2 th RON (achievement level 77.5%), followed by Other materials and services for maintenance and functioning (-RON 5.276 th, achievement degree 82.6%), Other expenditures (-RON 4,672.9 th, achievement degree 68.7%) and Heating, lighting and driving force (-RON 2.757.2 th, achievement degree 87.6%), variations found mainly in the chapters Environmental protection, Transport, Education, Public Authorities and external actions, Housing, public services and development, Culture, recreation and religion, Other general public services;
- **Internal transfers** also recorded a value of RON 2,747.3 th below the final provisions, with a performance of 83.5%, as a result of lower payments at the level of Other current internal transfers within the chapters Other general public services, Environmental protection and Health;
- **Current transfers** recorded a 96.6% achievement degree (lower payments by RON 1,217.3 th), mainly Transfers to the public institutions (-RON 1,066.2 th) found in chapters Public order and national security and Culture, recreation and religion;
- The **Staff costs**, which recorded a 98.5% achievement degree (lower payments by RON 991.6 th), the main variations were recorded at the level of Salary expenditures in cash by RON 905.2 th under planning (execution degree 98.7%), evolution mainly reflected in the chapters Public Authorities and external actions and Environmental protection;
- **Social assistance** expenditures registered 99% achievement degree of the final budget, the payments being by RON 241.6 th lower and were mainly reflected at the level of the Insurance and social assistance chapter (-RON 202.9 th, -0.9%);

Investment expenditures, compared to the final provisions, marked a low execution rate, of 36.6% (-RON 54,563.1 th), as a result of the achievements under provisions of the **Capital Expenditures** by RON 40,681.2 th (achievement degree 39.3%), variation mainly reflected in the chapters Environmental protection (-RON 19.342.6 th, -81.3%), Transport (-RON 7.042.6 th, -35.1%), Health (-RON 7.117, 4 th, -90.1%), Culture, recreation and religion (-RON 2.275.6 th, -53.4%), Education (-RON 2.036.7 th, -43.5%) and Public Authorities and external actions (-RON 1.507 th, -68.5%). The **Investments of the economic agents with state capital** were recorded by RON 2,571.6 th below the definitive provisions (achievement degree 34.6%), mainly at the level of the chapters Environmental protection (-RON 1.366.9 th, -98%) and Fuels and power (-RON 1.204.7 th, -47.5%). The **Projects financed from non-reimbursable external funds (NEF) post adhesion** were below the definitive provisions by RON 10.224 th, marking an achievement level of 24%, mostly in the Fuels and power chapter.

The **Financial expenditures** recorded an achievement degree of 99%, being below the level of the final provisions by RON 345.1 th (-1%), as a result of lower payments for Interest (-RON 212.4 th, degree of 97.7%) and Transactions regarding the public debt and loans. Also, at the level of Loans reimbursements was recorded a decrease by RON 131.5 th (achievement degree 99.5%), as a result of lower payments found mainly at the level of Public Authorities and external actions.

Expenditures ratios in 2019 as compared to 2018

'000 RON



| Ratios | 2019 | 2018 |
|---|------------------|------------------|
| Total staff costs | 64,431.0 | 50,896.3 |
| Expenditures per Capita | 326.6 RON | 257.9 RON |
| The expenditure weight in the operational expenditures | 26.2% | 23.6% |
| Staff costs within the Insurance and social assistance chapter | 28,894.3 | 22,446.0 |
| Expenditures per Capita | 146.5 RON | 113.7 RON |
| The expenditure weight in the operational expenditures | 11.7% | 10.4% |
| Current compulsory expenditures | 87,883.4 | 83,314.8 |
| Expenditures per Capita | 445.5 RON | 422.1 RON |
| The expenditure weight in the operational expenditures | 35.7% | 38.7% |
| Operational expenditures | 245,956.1 | 215,221.8 |
| Expenditures per Capita | 1,246.7 RON | 1,090.4 RON |
| The expenditure weight in the total expenditures | 79.1% | 81.1% |
| Expenditures on debt service financing | 33,446.6 | 29,563.9 |
| Expenditures per Capita | 169.5 RON | 149.8 RON |
| The expenditure weight in the total expenditures | 10.8% | 11.1% |
| Total expenditures on investments | 31,558.1 | 20,561.7 |
| Expenditures per Capita | 160.0 RON | 104.2 RON |
| The expenditure weight in the total expenditures | 10.1% | 7.7% |
| The expenditures' rigidity | 20.7% | 19.2% |
| The weight of the payments from the operating section in the total | 89.9% | 92.1% |
| The weight of the payments from the development section in the total | 10.1% | 7.9% |
| The deficit/the surplus of the operating section | 858.8 | -1,709.8 |
| The deficit/the surplus of the development section | -24,154.8 | -18,048.6 |
| The weight of the local public debt service in the total made payments | 10.8% | 11.1% |
| Maximum annual debt | 60,249.9 | 58,745.8 |
| Net direct debt | 26,748.1 | 29,766.9 |
| Direct indebtedness level | 16.7% | 14.8% |
| Net public debt | 20,114.4 | 23,693.7 |
| Public indebtedness level | 20.0% | 18.2% |
| The total expenditures achievement degree from the initial budget | 90.6% | 85.7% |
| The achievement degree from the initial budget of the: | | |
| Operational expenditures | 102.8% | 105.5% |
| Staff costs | 96.9% | 90.8% |
| Current compulsory expenditures | 102.7% | 99.0% |
| Expenditures on debt service financing | 99.4% | 98.8% |
| Investment expenditures | 44.8% | 27.1% |
| The funds absorption level of the total expenditures | 108.1% | 108.0% |
| Investment expenditures / Operational revenues | 10.9% | 8.5% |
| <i>Capita, as of</i> | 197,285 | 197,386 |
| | 1/1/2018 | 7/1/2018 |

The **Total staff costs** performed in 2019 recorded an increase by RON 13,534.7 th (+26.6%) over the level recorded in 2018 due to the as a result of the increase in Staff costs from the chapters Insurance and social assistance (by RON 6,448.3 th, +28.7%), Public Authorities and external actions (by RON 3,358 th, +26.2%) and Environmental protection (by RON 2,134.2 th, +37.2%);

The **Current compulsory expenditures** were by RON 4,568.7 th (+5.5%) over the level achieved in 2018 due to the increase of the Staff costs and expenditures related to Social assistance, mainly Social support in cash (by RON 1,040.4 th, +4.6%), corroborated by the lack of Subsidies for covering the differences of price and tariff (in amount of RON 10,006.4 th in 2018);

The **Operational expenditures** recorded payments of RON 30,743.3 th (+14.3%) higher than in the previous year, taking into account:

- increase of Current compulsory expenditures with
- increase of expenditures with Goods and services (+RON 21.280,9 th +26,3%);

The **Expenditures on debt service financing** marked an increase by RON 3,882.6 th (+13.1) compared to the level recorded in the previous year, this being evidenced by the Interests by RON 2,784.1 th (+44.3%) and Reimbursement of loans that were by RON 1,527.3 th over the level recorded in 2018 (+6.7%);

The **Total investments expenditures** recorded an increase of RON 10.996 th compared to 2018 (+53.4%), higher payments in Capital expenditures by RON 10,160.9 th (+62.6%), mainly found in Transports (+RON 8,162.9 th), Environmental protection (+RON 3,083.8 th), Education (+RON 1,361.4 th) offset by a decrease recorded mainly in the chapter Fuels and power (-RON 1,116.1 th), corroborated by a decrease of the Projects financed from non-reimbursable external funds (NEF) post adhesion by RON 774.4 th (-22.2%), mainly found in the chapters Fuels and power (-RON 484.2, -15.6) and Culture, recreation and religion (-RON 290.1 th, -76.5%).

Budgetary provisions

Functional/economic classification

'000 RON



Budgetary provisions for 2020, as compared to the execution in 2019 (Variations)

| Budgetary chapter | TOTAL EXPENDITURES | Operational expenditures, out of which: | | | | | Financial Expenditures | Investment Expenditures | Investment expenditures (Total provisions 2020) |
|--|--------------------|---|-----------------|---------------------|-------------------|------------------|------------------------|-------------------------|--|
| | | Total Operational Expenditures | Staff costs | Goods and services* | Social assistance | | | | |
| Public Authorities and external | ▲ 9,847.3 | ▲ 3,234.4 | 1,739.7 | 1,352.6 | - | ▲ 2,008.2 | ▲ 4,604.7 | 5,652.1 | |
| Other general public services | ▲ 1,048.7 | ▲ 1,013.2 | 260.8 | 577.0 | - | - | ▲ 35.5 | 144.2 | |
| Transactions regarding the public debt and loans | ▼ -170.1 | - | - | - | - | ▼ -170.1 | - | - | |
| General Transfers between different levels of administration | - | - | - | - | - | - | - | - | |
| Defense | - | - | - | - | - | - | - | 0.0 | |
| Public order and national security | ▼ 3,071.7 | ▼ 3,121.7 | 9.5 | 12.2 | - | - | ▲ 50.0 | 50.0 | |
| Education | ▼ 5,813.5 | ▼ 5,344.5 | - | 5,306.7 | -488.7 | - | ▼ 469.1 | 2,306.6 | |
| Health | ▲ 9,168.6 | ▲ 211.2 | - | - | - | - | ▲ 8,957.5 | 10,191.4 | |
| Culture, recreation and religion | ▲ 7,755.3 | ▲ 3,547.2 | 1,598.3 | 706.7 | - | - | ▲ 4,208.2 | 6,421.3 | |
| Insurance and social assistance | ▲ 7,391.9 | ▲ 4,359.8 | 6,089.3 | 1,471.5 | -3,313.7 | - | ▲ 3,032.0 | 3,242.6 | |
| Housing, public services and development | ▲ 1,285.2 | ▲ 903.2 | 400.7 | 482.4 | - | 0.0 | ▲ 382.0 | 544.0 | |
| Environment protection | ▲ 18,628.5 | ▲ 1,489.0 | 1,331.4 | 2,708.8 | - | ▼ 287.5 | ▲ 17,427.0 | 21,879.9 | |
| General economic, commercial and working actions | - | - | - | - | - | - | - | - | |
| Fuel and power | ▼ 2,894.3 | ▼ 38.6 | - | 1,170.2 | - | ▲ 31.6 | ▼ 2,887.3 | 2,143.0 | |
| Agriculture, Forestry, Fish breeding | - | - | - | - | - | - | - | - | |
| Transport | ▼ 6,374.2 | ▼ 5,072.7 | 37.0 | 5,143.8 | - | - | ▼ 1,301.5 | 11,696.2 | |
| Other economic actions | - | - | - | - | - | - | - | - | |
| TOTAL | ▲ 36,801.8 | ▲ 1,180.7 | 11,466.8 | 11,140.6 | -3,802.4 | ▲ 1,582.2 | ▲ 34,038.9 | 64,271.2 | |

*) 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;

The budget planned for 2020 is 12% over the level executed in 2019 respectively, by RON 36,801.8 th over the level of payments made in the previous year.

The **Operational expenditures** were provided in the initial budget by RON 2,506.5 th over the level executed in 2019 (+1%), this being reflected within:

Staff costs by RON 11,466.8 th over the level recorded in 2019 (+17.8%), mainly Base salary by RON 8,544.4 th (+15.4%), Allowances for food by RON 1,348.1 th (+30.5%), Other remuneration rights paid in cash by RON 559.38 th (+101.2%). The dynamics are mainly found in the chapters: Insurance and social assistance (+RON 6,089.3 th), Public Authorities and external actions (+RON 1,739.7 th), Culture, recreation and religion (+RON 1,898.3 th) and Environmental protection (+RON 1,331.4 th).

Expenditure on **Goods and services** by RON 10,986.2 th (-10.7%) below the level of payments made in the previous year, variations found in the chapters: Education (-RON 5,306.7 th), Transport (-RON 5,143.8 th) .

Within the initial budget were allocated values for **Subsidies** by RON 1,500 th over the level of execution of the previous year (+37.5%);

The **Current transfers** were provided, through the initial budget of the year 2020, at the level of RON 33,116 th, the allocations being by RON 966.1 th below the level registered in the previous year

For **Social Assistance**, payments amounting to RON 19,650 th were provided, these being lower by RON 3,802.4 th (-16.2%) than those made in 2019. Thus, for Social support in cash the estimates are by RON 2,144.6 th below the level registered in 2019, and those for Gift tickets granted for social expenditures are by RON 1,671.8 th below the payments made in the previous year. From a functional perspective, the dynamics of the initial provisions is reflected, for the most part, within the chapter Insurance and social assistance.

Investment expenditures were planned at a total value of RON 64,271.2 th, higher by RON 32,678 th compared to the level executed in 2019 (+103.4%), as a result of the allocation of higher amounts related to **Capital expenditures** (by RON 20,869 th, +79.1%), reaching a total provisions of RON 47,259.8 th, distributed mainly in the chapters Environmental protection (RON 21,879.9 th), Health (RON 8,380.4 th), Transport (RON 5,966.6 th), Culture, recreation and religion (RON 4,070.8 th), Public Authorities and external actions (RON 3,169.2 th), Education (RON 2,095.8 th). The **Investments of the economic agents with state capital** are provided by RON 4,099 th over the execution level of the previous year (+301.2%). The amounts allocated to **Projects financed from non-reimbursable external funds (NEF) post adhesion** are estimated at a total value of RON 1,515.6 th, by RON 1,195.4 th less than the level executed in 2019



Budgetary provisions for 2020, as compared to the execution in 2019 (Variations)

The **Financial expenditures** within the initial budget of the current year are by RON 1,582.2 th over the level executed in the previous year, as a result of the estimated payment of RON 25,975 th for Reimbursement of Loans (+7.2%) and RON 8,744.6 th at the level of Interests (-3.6%).

According to the investment list of the initial budget of 2020, the *Capital expenditures* are in the amount of RON 47,259.8 th, whereas the amount of RON 1,515.6 th was provisioned for the *Projects financed from non-reimbursable external funds (NEF) post adhesion*, the main investment objectives being reflected at the level of:

The **Housing, public services and development** chapter, with provisions amounting to RON 52,886.4 th out of which: RON 52,342.4 th from external loans and RON 544 th from the local budget:

Further objectives (RON 52,358.4 th):

- modernization of a large part of the street public lighting system (RON 52,342.4 th from external loans);

Other investment expenditures (RON 472.1 th from the local budget).

The **Environment protection** chapter, which provided investment expenditures amounting to RON 26,376.2 th, split into a part allocated from the local budget (RON 9,357.8 th) and one of the transfers from the state budget (RON 17,018.4 th).

Further objectives (RON 20,397.2 th):

- Bacau Water Reserve (RON 17,018.4 th from the transfers from the state budget and RON 1,371.5 th from the local budget);

- works for stabilizing the raw water pipeline from Poiana Uzului (RON 1,196 th from the local budget);

Other investment expenditures (RON 1,781.5 th from the local budget).

Health chapter, with provisions for the investment expenditures amounting to RON 22,183.7 th were provided, as follows: RON 11,992.4 th of internal loans, RON 55 th of non-reimbursable funds, RON 10,136.4 th from the local budget. These investments are aimed at:

Further objectives (RON 19,291.7 th):

- continuing the construction of the Bacau Municipal Hospital (RON 9,992.4 th from internal loans, RON 8,202.4 th from the local budget);

- building with laundry, archive and administrative offices (RON 789.7 th from the local budget);

Other investment expenditures (RON 55 th from programs with non-reimbursable financing, RON 837.1 th from the local budget, RON 2,000 th from internal loans).

The chapter **Culture, recreation and religion** was projected through the initial budget, with provisions amounting to RON 15,740.6 th distributed as follows: RON 9,319.3 th from internal loans, RON 2,350.5 th from programs with non-reimbursable financing and RON 4,070.8 th from the local budget, distributed:

Further objectives (RON 15,121.8 th):

- rehabilitation and modernization works "Leisure island" (RON 9,294.3 th from internal loans, RON 2,220.7 th from the local budget);

- creation of a support infrastructure for incubating "Hub for Young" businesses - Horizon Cinema (RON 2,263.3 th from programs with non-reimbursable financing);

- Playgrounds development - Cancicov Park (RON 520 th from the local budget);

- Improving the quality of life by arranging in Fagaras area (RON 600 th from the local budget);

Other investment expenditures (RON 506.6 th from the local budget, RON 87.2 th from programs with non-reimbursable financing and RON 25 th from internal loans).

The **Transport**s chapter with provisions in the amount of RON 11,696.2 th financed from the local budget for:

Further objectives (RON 8,669.6 th)

- rehabilitation of the Airport Street (RON 1,866.7 th from transfers from other authorities and RON 120.6 th from the local budget);

- construction of hospital parking lot (RON 1,532.7 mii RON th from transfers from other authorities and RON 277.2 th from the local budget);



Budgetary provisions for 2020, as compared to the execution in 2019 (Variations)

- construction of the route for unmotorized trips South (RON 1,694.8 th from non-reimbursable funds);
- construction of corridor for unmotorized trips (RON 1,660.1 th from non-reimbursable funds);
- modernization of public transport stations (RON 1,232.3 th from non-reimbursable funds);
- reconstruction of the intersection in the roundabout - bd. Unirii (RON 500 th from the local budget);

Other investment expenditures (RON 1,261.7 th from the local budget and RON 1,142.3 from non-reimbursable funds).

The capital of the **Public Authorities and external actions** with provisions in the amount of RON 5,652.1 th, out of which RON 2,483 th from non-reimbursable programs and RON 3,169.2 th from the local budget:

Further objectives (RON 627 th):

- modernization and rehabilitation of building (former Civil Status) (RON 627 th from the local budget).

Other investment expenditures (RON 2,483 mii RON from programs with non-reimbursable financing and RON 2,542.2 th from the local budget).

The **Insurance and social assistance** chapter has provisions in the amount of RON 3,242.6 th, distributed as follows: RON 449.5 th from the local budget and RON 2,793.1 th from non-reimbursable funds:

Further objectives (RON 2,934.1 th)

- modernization and rehabilitation Nurseries (RON 1,596.6 th for Nursery no. 3 and RON 1,116.5 th for Nursery no. 6 from non-reimbursable funds);
- rehabilitation of the building for the "Pensioners Club" (RON 200 th from the local budget);

Other investment expenditures (RON 228.5 th from the local budget and RON 80 th from non-reimbursable funds).

The chapter **Fuel and power** with provisions amounting to RON 3,106.5 th, divided into: RON 1,515.5 th from the programs with financing from non-reimbursable funds and RON 1,591 th from the local budget, allocated mostly for the rehabilitation of the secondary thermal networks in Bacau Municipality, along with other investment expenditures amounting to RON 189 th from programs with non-reimbursable financing.

The **Education** chapter has been provided with investments expenditures amounting to RON 2,306.6 th, out of which RON 210,8 th from non-reimbursable programs and RON 2,095.8 th from the local budget as follows:

Further objectives (RON 1,702.5 th):

- strengthening, modernizing and planning the construction of the sports hall and workshops at the Sports High School (RON 1,000 th from the local budget);
- Water Supply System - Technical College "N.V. Karpen" (RON 210 th from the local budget);

Other investment expenditures (RON 210.8 th from programs with non-reimbursable financing and RON 343.3 th from the local budget).

Table of contents Part IV

Part IV:

- Balance sheet in the period of 2016 - 2019
- Local Public Debt Service

Balance sheet for the period 2016 - 2019

'000 RON



| Balance sheet | 2016 | | 2017 | | 2018 | | 2019 | |
|---|--------------------|---------------|--------------------|---------------|--------------------|---------------|--------------------|---------------|
| Current assets | 331,882.2 | 10.1% | 546,959.6 | 16.2% | 377,155.2 | 11.5% | 352,755.5 | 10.7% |
| Cash and cash equivalent | 60,891.8 | 18.3% | 61,383.8 | 11.2% | 65,700.4 | 17.4% | 29,105.4 | 8.3% |
| Inventories | 102,500.9 | 30.9% | 103,425.3 | 18.9% | 46,796.0 | 12.4% | 46,372.0 | 13.1% |
| Receivables | 168,489.5 | 50.8% | 382,099.7 | 69.9% | 264,607.2 | 70.2% | 277,261.0 | 78.6% |
| Short term investments | - | - | - | - | - | - | - | - |
| Other current assets | - | - | 50.8 | - | 51.6 | - | 17.1 | - |
| Fixed assets | 2,965,442.7 | 89.9% | 2,834,322.1 | 83.8% | 2,890,209.6 | 88.5% | 2,935,412.6 | 89.3% |
| Intangible assets | 3,022.2 | 0.1% | 2,265.1 | 0.1% | 1,924.7 | 0.1% | 2,880.4 | 0.1% |
| Tangible assets | 2,876,181.4 | 97.0% | 2,745,742.5 | 96.9% | 2,799,954.4 | 96.9% | 2,861,098.2 | 97.5% |
| Other fixed assets | 86,239.1 | 2.9% | 86,314.5 | 3.0% | 88,330.6 | 3.1% | 71,433.9 | 2.4% |
| Total assets | 3,297,324.9 | 100.0% | 3,381,281.7 | 100.0% | 3,267,364.8 | 100.0% | 3,288,168.0 | 100.0% |
| Current liabilities | 212,477.9 | 6.4% | 241,208.7 | 7.1% | 277,370.6 | 8.5% | 121,030.9 | 3.7% |
| ST borrowings and CP of LT debt | - | - | - | - | - | - | - | - |
| Accounts payable | 198,346.4 | 93.3% | 210,826.6 | 87.4% | 244,126.5 | 88.0% | 103,514.5 | 85.5% |
| Short term provisions | - | - | 2,784.9 | - | 3,444.5 | - | 721.3 | 0.6% |
| Other short term debts | 14,131.6 | 6.7% | 27,597.2 | 11.4% | 29,799.6 | 10.7% | 16,795.1 | 13.9% |
| Long term debts | 223,111.2 | 6.8% | 191,035.1 | 5.6% | 209,253.9 | 6.4% | 192,577.3 | 5.9% |
| Long term loans | 208,787.7 | 94% | 184,448.3 | 97% | 201,883.9 | 96% | 192,559.5 | 100% |
| Other long term debts | - | - | 51.6 | - | 4.8 | - | 4.8 | - |
| Provisions | 14,323.5 | 6% | 6,535.2 | 3% | 7,365.3 | 4% | 13.1 | 0% |
| Equity and reserves | 2,861,735.7 | 86.8% | 2,949,037.9 | 87.2% | 2,780,740.4 | 85.1% | 2,974,559.8 | 90.5% |
| Total liabilities | 3,297,324.9 | 100.0% | 3,381,281.7 | 100.0% | 3,267,364.8 | 100.0% | 3,288,168.0 | 100.0% |
| Current liquidity ratio (Current assets / Current liabilities) | 1.6 | | 2.3 | | 1.4 | | 2.9 | |
| Indebtedness level (Borrowed capital /Total liabilities) | 6.3 | | 5.5 | | 6.2 | | 5.9 | |

✓The **balance sheet asset** registered an oscillating trend during 2016-2019, the evolution being mainly determined by the value of **Tangible Assets** (-4.5% in 2017, +2% in 2018, respectively +2.2% in 2019). Another significant influence is coming from the **Current assets** (mainly Receivables and Inventories), with a minimum achieved in 2016 of RON 331,882.2 th, followed by a significant increase in 2017 (+64.8%) and by a decreasing trend in the next analyzed period (-31% in 2018, -6.5% in 2019).

✓In the **balance sheet liabilities**, the variations were identified, in particular, at the level of Accounts payable, Long term loans and Equity, as follows:

✓**Trade payables**, recorded a growth rate in the 2016-2018 period, with a significant decrease in 2019, reaching the end of this year to register the maximum level of RON 103,514.5 th (-57.6% vs 2018);

✓**Long term loans** had fluctuated, the only growth in the period being in 2018 compared to 2017, of RON 17,435.6 th (+9.5%). Year 2017 ended with a decrease in the balance of these liabilities by 11.7% to RON 184,448.3, being the lowest debt balance of the analyzed period, and 2017 continued its downward trend with a decrease of -4.6% down to a total value of RON 192,559.5 th, the lowest debt balance of the analyzed period;

✓**Equity**, with a majority share in Total liabilities, marked the lowest level in 2018, respectively a total value of RON 2,780,740.4 th. Year 2017 reflected an increase of 3.1% compared to the previous period, up to RON 2,949,037.9 th, in 2018 marking a small decrease of 5.7%, followed by a 7% increase reflected in the maximum balance recorded in 2019 (in amount of RON 2,974,559.8 th).

✓**Current liquidity ratio** witnessed an improvement in 2019 up to the level of 2.9, due to the decrease in Current liabilities (-56.4%), compared to 2018 when the value of the indicator was 1.4 due to the accelerated growth of the Current liabilities (+15%), corroborated with the decrease of the value of Current assets (-31%), thus being the smallest of the analyzed period. In 2017, the Current liquidity ratio was 2.3, mainly due to the increase in the value of Current assets by 64.8%, compared to 2016.

Local public debt service

at December 31st 2019

'000 RON



Debt and liquidity

| | In 2019 |
|--|----------|
| Total drawdowns from credit facilities in 2016 | 15,500.0 |
| Direct debt service | 33,501.8 |
| Direct indebtedness rate | 16.7% |
| Public debt service | 40,135.5 |
| Public indebtedness rate | 20.0% |
| Public Debt Service as % of Operational Revenues | 13.8% |
| Public Debt Service as % of Operational Expenditures | 16.3% |
| Long term debt % Own Funds | 6.5% |
| Long term debt / Own Revenues (1.x) | 0.8 |

| | la 31.12.2019 |
|--------------------------------|---------------|
| Payout | |
| Payout 2Y - 2 ani | 89,061 |
| Payout 5Y - 5 ani | 223,645 |
| Payout 10Y - 10 ani | 338,273 |
| Payout 11Y - 11 ani | 356,183 |
| Total revenues per Capita | |
| Own revenues per Capita | 1,457.4 RON |
| | 1,206.1 RON |
| Public debt service per Capita | 203.3 RON |
| Long term debt per Capita | 975.5 RON |

| | 2019 ¹⁾ | 2020 ³⁾ | 2021 ³⁾ | 2022 ³⁾ |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Total revenues | 287,664.8 | 337,866.4 | 341,245.0 | 344,657.5 |
| Own revenues ²⁾ | 238,073.9 | 273,691.8 | 276,428.7 | 279,193.0 |
| Indebtedness capacity (maximum level) | 60,249.9 | 64,683.2 | 70,526.6 | 78,819.4 |
| Public debt service ⁴⁾ | 40,135.5 | 44,354.9 | 44,706.1 | 47,403.0 |

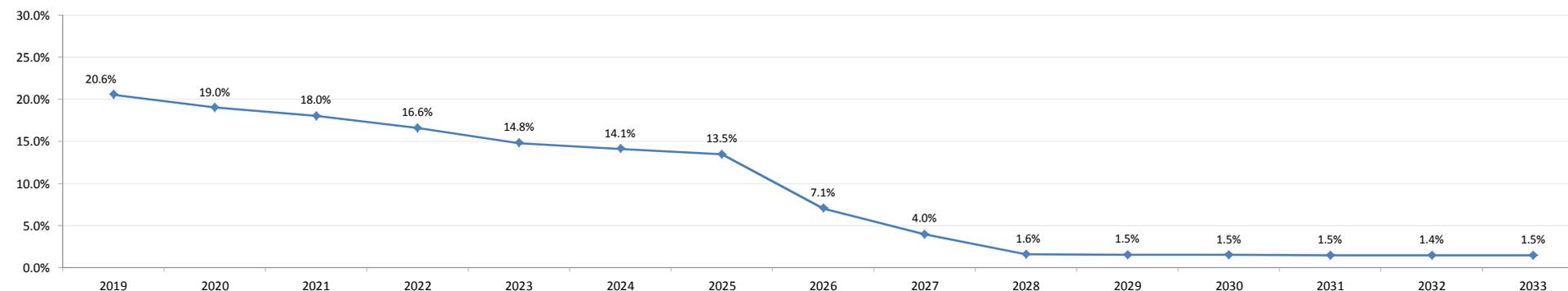
1) Revenues collected as of 31.12.2019;

2) Growth rate of 1% for Total revenues and Own revenues for the period 2020-2021; for 2019, the revenues are the ones provisioned through the initial budget;

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 estimates for the period 2019 - 2032, based on the ongoing credit contracts provisions, money market conditions and legal regulations as of December 31st, 2019.

Indebtedness level forecasted for the period 2019-2032⁴⁾



Note:

- The indebtedness level was forecasted considering the provisions of the ongoing credit contracts, the money market conditions as of December 31st, 2019 and the growth rate of own revenues of 1% for the period 2021-2032. For 2020, the revenues are the ones estimated through the initial budget of the year.

- According to the GEO no. 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 average of the own revenues for the last three years prior to current period (computed as per maximum indebtedness level formula).

Glossary of terms



| | |
|--|--|
| The operating section | - 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 |
| The development section | - The complementary section of the local budget, including income and capital expenditures related to implementation of the local development policies |
| Own revenues* | - 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. 272/2006 regarding the local public finance, including subsequent amendments and additions, out of which are subtracted the Revenues from goods capitalization stipulated in the art. 29 part of the mentioned law) |
| Operational revenues | - The difference between Total revenues, Investment revenues and Financial Revenues OR - The Sum of Current Revenues (00.02) and Current Subsidies (00.20) |
| Operational Expenditures | - 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), Social Assistance (57), Other Expenditures (59), Previous years payments recovered during the current year (85.01) OR - The difference between Total Expenditures, Investment Expenditures and Financial Expenditures, excluding Surplus / Deficit |
| Investment revenues | - Sum of the Capital Revenues (00.15), Subsidies received from the State Budget (00.19), Sums received from EU for the made payments 2007 - 2013 (45.02), Sums received from EU for the made payments 2014 - 2020 (48.02), Payments from the fixed assets depreciation (36.02.07), Income from the repayment of amounts allocated for seismic risk (36.02.22), Thermal rehabilitation tax (36.02.23), Owners' Association's contribution for the thermal rehabilitation works (36.02.31), Amounts from the budgetary financing of the previous years, related to the development section (36.02.32.02) |
| Investment expenditures | - 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-reimbursable external funds 2014 - 2020 (58) and of the Capital transfers (51.02) |
| Financial expenditures | - Sum of Interests (30), Loans reimbursements (81) and Commissions and other costs for debts (20.24) |
| Total payments made | - Total expenditures incurred without considering the result of the period |
| Revenues from other taxes collected | - City taxes collected as follows: 07.02.03+07.02.50+12.02+15.02+16.02.03+16.02.50+18.02.50+33.02.24+34.02.02+34.02.50+36.02.06+ 36.02.23 |
| Returned funds from previous years | - In accordance to the Ministry of Finance order no. 231646/06.09.2008 previous years payments returned during the current year are reported negatively for 85.01 and are not used for payments. These are invalidated by increasing the budgetary loans for each economic expenditure. |
| Revenues and expenditures ratios | - 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 11/03/2010 |
| The revenues / expenditures achievement degree from the initial / revised budget | - Collected revenues % of the initial/ revised budgetary provisions; - Incurred expenditures % of the initial / revised budgetary provisions. |
| The level of financing from the own revenues | - Own revenues % in Total revenues |
| The degree of self-financing | - (Own revenues- Quotas deducted from the income tax (04.02.01)) % Total collected revenues |
| The degree of dependency of the local budget to the state budget | - 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 + Subsidies received from the State Budget 42.02) % in Total revenues |
| The degree of decisional autonomy | - (Own revenues + Sums deducted from VAT for balancing the local budget 11.02.06) % in Total revenues |
| The expenditures' rigidity | - Staff costs % in Total incurred expenditures |
| Maximum annual debt | - 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 Service, according to Government Decision 145/2008 |
| Net direct debt | - Total of amounts representing interests, provisions and installments, according to contracted to be paid by The end of The year, by The municipality |
| Net public debt | - Total of amounts representing interests, provisions and installments, according to contracted and guaranteed to be paid by The end of The year, by The |
| Direct/ Public indebtedness level | - Direct/Public Debt Service as % of Own revenues* |
| Net Direct/ Public indebtedness level | - Net public/direct debt as % of Own revenues* |
| Direct debt service | - Total amounts to be paid by the city hall as capital repayments, interests and fees for ongoing credit contracts |
| Public debt service | - Current debt service+amounts related to the granted guarantees (interests, commissions and principal) |
| Payout n Y - n years | - Public debt service for the next "n" years, considering the provisions of the ongoing credit contracts and the money market conditions at the report date |
| Current financial debt | - Total drawdowns related to the credit facilities for the analysed period |
| Per capita | - For a person that is resident of the municipality; Resident inhabitants |



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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 that were used in preparing this report are: the financial documents of the years 2016, 2017, 2018 and 2019, the initial budget of 2019 approved through LCD no. 158 from 03.05.2019 and revised through LCD no. 450 from 23.12.2019, the initial budget for 2020 approved through LCD no 20 from 19.02.2020 and the corresponding situations regarding the investments financed from the Local Budget.

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