Bacau Municipality

Quarterly financial report
at 30.06.2022

Table of contents

- General overview

Section I: Summary of budgetary dynamics

- Revenue and expenditure balance at Q2 2022 vs. Q2 2021
- Revenues and expenditures structure

Section II: Budgetary revenues

- The situation of the revenues collected at 30.06.2022
- The variation of the performed revenues at Q2 2022 compared to Q2 2021
- Budgetary provisions: the achievement degree of the revenues at Q2 2022
- Revenues ratios

Section III: Budgetary expenditures (functional and economic classification)

- The situation of the expenditures performed at 30.06.2022
- The variation of the performed expenditures at Q2 2022 vs. Q2 2021
- Budgetary provisions: the achievement degree of the expenditures at Q2 2022
- Expenditures ratios

Section IV

- Balance Sheet
- Local Public Debt Service

Glossary of terms

Disclaimer

General overview

General information

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

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

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) besides heavy and light industry.

Source *: https://ro.wikipedia.org;*

Territorial administration	N-E Region	Bacau County	Bacau City
Territorial area (km^2) - YE2014	*36,850*	*6,621*	43
Green areas (km2) - YE2020	*3,560*	*928*	550
Public sewerage system (km) - YE2020	*5,305*	*1,097*	*357*

Population (1st July, 2021)	N-E Region	Bacau County	Bacau City
Gender distribution	**3,989,236**	**730,256**	**195,470**
female	*1,998,929*	*369,874*	*102,734*
male	*1,990,307*	*360,382*	*92,736*
Distribution by age categories			
0-19 years	*867,616*	*151,457*	*37,272*
20-44 years	*1,461,017*	*260,395*	*70,203*
45-59 years	*838,509*	*159,901*	*42,229*
60 years and above	*822,094*	*158,503*	*45,766*
Distribution by environment			
urban	*1,826,923*	*346,040*	*195,470*
rural	*2,162,313*	*384,216*	*0*

Work Force (th persons)	N-E Region	Bacau County	Bacau City
Civil emplyment (YE2020)	1,137	204	-
Average employee number(YE2020)	567	112	65
Unemployment rate (February, 2022)	3.6%	3.1%	-

National economy

Annual GDP, current prices (seasonally adjusted) CAEN CODE Rev. 2	2018	RON 855,421 mil.
	2019	RON 953,453 mil.
	2020	RON 957,424 mil.
	2021	RON 1,175,777 mil.

Regional economy (2020)	N-E Region	Bacau County
Turnover of local businesses (mil. RON), out of	***123,303***	***26,057***
Trade	*57,793*	*12,564*
Manufacturing industrry	*26,722*	*5,101*
Constructions	*14,624*	*4,762*
Transport and storage	*7,641*	*1,018*

Source: http://statistici.insse.ro

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 roads E85 and E574.

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

Source: *Bacau County Development Strategy: period 2014 - 2020;*

th RON

Ratios 2022*	Bacau	Botosani	Iasi	Piatra Neamt	Suceava	Vaslui
TOTAL REVENUES (TR)	**280,523**	**130,136**	**782,370**	**134,668**	**171,531**	**115,375**
Own revenues	*189,152*	*98,834*	*653,734*	*98,269*	*138,595*	*62,423*
Own revenures/TR	67.4%	75.9%	83.6%	73.0%	80.8%	54.1%
Quotas ans sums deducted from the income tax	*108,909*	*52,287*	*260,661*	*54,464*	*71,882*	*36,589*
Sums deducted from VAT	*44,051*	*21,883*	*66,546*	*20,330*	*22,256*	*30,476*
Subsidies	*41,159*	*5,749*	*28,744*	*5,684*	*2,461*	*6,700*
Sums received from EU	*2,443*	*3,649*	*33,277*	*10,375*	*8,163*	*15,754*
TOTAL EXPENDITURES (TE)	**218,091**	**109,702**	**620,825**	**106,444**	**170,425**	**106,675**
Operational expenditiures	*185,097*	*93,519*	*517,418*	*66,731*	*135,313*	*68,209*
Operational expenditures/TE	84.9%	85.2%	83.3%	62.7%	79.4%	63.9%
Investment espenditures, out of which	*15,584*	*10,861*	*82,878*	*23,409*	*21,577*	*37,738*
Capital expenditures	0	0	0	0	0	0
Non-refundable external funds	5,318	4,520	38,369	18,677	12,492	22,303
Financial expenditures	*17,410*	*5,321*	*20,528*	*16,303*	*13,535*	*727*
CURRENT RESULT (the result of the period)	**62,432**	**20,434**	**161,545**	**28,224**	**1,106**	**8,700**
Capita, as of 01.07.2021	**195,470**	**117,504**	**391,024**	**110,342**	**123,723**	**136,434**

Source *: https://forexepublic.mfinante.gov.ro/web/transparenta-bugetara/rapoarte-entitati-publice*

General overview

The Local Council of the Municipality of Bacau at June 30th, 2022

Political structure

Age distribution

Gender distribution

Structure by political party, profession and age groups

Party	No.	Profession	Age group
INDEPENDENT	1	Computer network administrator	35 - 44 years
PER	1	Technological engineer	20-34 years
PER	1	Jurist	45-59 years
PER	1	Jurist	60 years and above
PLUS	1	Manager of organizations and public services	20-34 years
PLUS	1	Editor	20-34 years
PLUS	1	Pulmonology specialist	35-44 years
PMP	1	Economist	45-59 years
PMP	1	Pharmacy assistant	45-59 years
PNL	1	Engineer	35-44 years
PNL	1	Economist	35-44 years
PNL	1	Architect	35-44 years
PNL	1	Engineer	45-59 years
PNL	1	Teacher	45-59 years
PPU	1	Economist	35-44 years
PPU	1	Jurist	45-59 years
PRO ROMANIA	1	Engineer	20-34 years
PRO ROMANIA	1	Teacher	35-44 years
PRO ROMANIA	1	Economist	35-44 years
PRO ROMANIA	1	Engineer	45-59 years
PRO ROMANIA	1	Engineer	60 years and above
PRO ROMANIA	1	Technician	60 years and above
PSD	1	Political scientist	45-59 years
PSD	1	Jurist	45-59 years
USR	1	Jurist	20-34 years

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

► Following the local elections from 2020, Mr. Lucian-Daniel Stanciu-Viziteu was elected as Mayor of the Bacau Municipality, representing USR-Uniunea Salvati Romania and being an engineer.

► The Deputy Mayors functions are held by Mr. Miroseanu Liviu-Alexandru, representing the National Liberal Party, being an engineer and Mr. Ghinghies Cristian, representing PLUS-Partidului Libertate, Unitate si Solidaritate, manager of public organizations and services.

► Mr. Popovici Nicolae Ovidiu is the Secretary of the Municipality of Bacau, being a jurist.

General overview

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

Financed from local budget:

- ***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;
- ***Bacau Social Assistance Department*** – assures the social assistance in child protection, family, single persons, elderly, people with disabilities, as well as for any person in need;
- ***Bacau Nursery Budget Center (the institution will be dissolved starting from 01.08.2022, as approved through LCD no. 298/30.06.2022);***

Activities financed from own revenues

- ***Home for the elderly Bacau;***

Financed from own revenues

- ***Bacau Pneumoftiziology Hospital;***

Financed from own revenues and subsidies from the Local Budget

- ***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;
- ***Bacovia Municipal Theater Bacau;***

Source: *https://www.google.ro/maps/*

Cultural and social environment

Education

The education network, approved for the school year 2022 - 2023 in Bacau (by LCD no. 1/31.03.2022), covers the entire educational plan, state and special school units; thus, a number of 28 kindergartens and nurseries, 18 schools (primary and secondary schools), 12 high school units operate. Starting with 01.03.2022, according to LCD no. 45/28.02.2022, the nurseries in Bacau are included in the school network, these being in number of 6. Also, in the city operate the Children's Palace and the Bacau County Center of Excellence. The financing of pre-university education is carried out based on the National Education Law no. 1/2011 with subsequent amendments.

Within the National Recovery and Resilience Plan, Component 5 - Renewal Wave, Call for integrated renovation projects (seismic consolidation and moderate energy renovation) of public buildings, the following projects were submitted: "Integrated renovation of the National Pedagogical College Stefan cel Mare", the value of the investment being 16,704,690.18 lei (excluding VAT) approved by LCD no. 91 of 31.03.2022, "Integrated renovation of the National College "Vasile Alecsandri" Bacau", the value of the investment being 24,941,351.82 lei (excluding VAT) approved by LCD no. 93 of 31.03.2022 and "Integrated renovation of the National College "Ferdinand I" Bacau", the value of the investment being 31,567,699.84 lei (excluding VAT) approved by LCD no. 94 of 31.03.2022. Also, within the Call for projects of moderate energy renovation of public buildings, the project "Increasing the energy efficiency of the National Art College "George Apostu" in Bacau" was submitted, the value of investments being 8,202,202.74 lei (without VAT) approved by LCD no. 92 of 31.03.2022. Their implementation period is 36 months, not exceeding August 31, 2026.

Health

The Bacau County Emergency Hospital provides preventive, curative and rehabilitative medical care, primary and secondary for the inhabitants of Bacau and its communes, representing over 47% of the county's population.

Bacau Pneumoftiziology Hospital is a medical unit subordinated to the Local Council of Bacau Municipality. Within the ROP 2014-2020/8/1/A - "Increasing the accessibility of the health services, community and of the second level, especially for poor and isolated areas - Ambulatory", the project "Modernization, equipment and expansion of the buildings of the Bacau Pneumoftiziology Hospital Ambulatory" was submitted, the investment being in amount of 11,753,772.31 lei approved through the LCD no. 118/29.04.2021. The total value was updated by HCL no. 38 from 07.02.2022, reaching 18,969,136.56 lei.

Bacau Municipal Hospital - the investments related to the construction and endowment with medical equipment are in progress. According to LCD no. 56/25.03.2020, the amounts provided in the Health chapter will be used in order to start the procedures for purchasing medical equipment from the ATI category and the emergency arrangement of floors 4 and 5 of the investment objective building "Bacau Municipal Hospital Construction", in order to provide assistance medical in the epidemiological context COVID-19. The total value of the investment is in the amount of 15,818,434.51 lei (with VAT).

Through the LCD 423/26.11.2021 the technical-economic indicators were approved for "Emergency arrangement of the ground floor and the basement (partially) of the investment objective "Sfanta Maria" Hospital Bacau, to ensure the functioning of the Emergency Reception Unit of the Bacau County Emergency Hospital, for taking over the patients infected with the Sars-CoV-2 virus, respectively to ensure the functioning of a pathological anatomy section destined for the deceased with Sars-CoV-2". The total value of the investment is 21,881,568.71 lei (with VAT), the financing of the works being ensured in proportion of 50% by the Municipality of Bacau, and the difference by the Bacau County Council, the latter fully financing the endowment with the specific medical equipment for the operation of the Emergency Reception Unit of the Bacau County Emergency Hospital, for taking over the patients infected with the Sars-CoV-2 virus.

Cultural and social environment

Culture and recreation

Among the cultural landmarks of Bacau we mention: The Royal Court Ensemble, 15th-16th century, George Bacovia Memorial House, 19th century, "Bacovia" Municipal Theater, Animation Theater, History Museum, Art Museum, Museum of Natural Sciences, Astronomical Observatory , County Library, "G. Apostu" International Cultural Center, Philharmonic, "Anton Ciobanu" Ceramic Art Galleries.

For leisure and recreation, in Bacau there are 376 ha of green spaces, the most important parks being Rose Park, Cancicov Park, Hemeius Dendrological Park and Recreation Island (an artificial island, created in the middle of a lake formed by the river Bistrita, arranged for recreation). Also, through LCD no. 397/26.11.2021, the technical project for the investment objective "Construction of Street Workout for Bacau" was approved, a sports complex that will be built in Cancicov Park.

Social assistance

Within the Public Social Assistance Service of Bacau Municipality are organized and operate the Day Center "A school for all", the Day Center for the Child in Difficulty, the Day Center for the Child with Special Needs, the Day Center "Pensioners' Club", Family care center (foster cares) and temporary accommodation center for homeless people. Also, subordinated to the Bacau Local Council is the Home for the elderly located in Aleea Ghioceilor Street no. 2, with a capacity of 210 seats, and through LCD no. 178/29.04.2022 the amount of the daily food allowance was increased to 30 lei/day/beneficiary.

Environment protection

Sanitation is achieved through delegation contracts concluded with private economic operators, which serve both for waste collection and for landfill management. The operator that manages the landfill of Bacau Municipality is Eco Sud SA and the company that deals with the collection and transport of waste is Romprest Service SA. Bacau is one of the few counties in Romania that has an Integrated Solid Waste Management System. The total investment in this system is about 44 million euros.

Through LCD no. 129 of 31.03.2022 is approved the project and the expenses related to the project "Recharging stations for electric vehicles" in Bacau, in the amount of 3.635.942,26 lei (including VAT), being financed under the Program for reducing greenhouse gas emissions in transport, by promoting infrastructure for energy-free road transport vehicles. The objective of this investment is to create 30 charging points by installing 15 charging stations for electric vehicles.

Development

LCD no. 424/29.10.2018 approves the Project - Implementation of an IT platform with back-office and front-office components as a measure of administrative simplification and optimization of service provision for citizens in Bacau Municipality, financed in the amount of 2,814,717.57 lei, from which 2,323,727.93 lei represents the eligible non-reimbursable value from the European Social Fund, 355,393.68 lei represents the eligible non-reimbursable value from the national budget, and the amount of 54,675.96 lei represents the co-financing component eligible through the beneficiary's contribution. The project runs for a period of 27 months from the date of signing the contract for the financing application. This project aims to: implement information systems to develop and increase the complexity of online services provided to citizens, including by digitizing the archive at the City Hall of Bacau. The general objective of the project is to increase the administrative efficiency of the City Hall of Bacau by implementing innovative information systems - as measures to simplify the provision of services to citizens and the business environment.

LCD no. 430/06.11.2018, approved the Project - Creation of a support infrastructure for incubating the business Hub for youth - Orizont Cinema. According to LCD no. 435/17.12.2021, the total value of the project is 21,847,604.82 lei, out of wich the value of the non-reimbursable financing is 9,485,954.9 lei. The start date of the project is May 29, 2019, and it will be completed on March 23, 2323. The business incubator will have the role of supporting the development of the businesses at the beginning of the activity. The incubator will provide a favorable environment for business development, by facilitating networking activities, the transfer of know-how and by providing support in the development of partnerships. The general objective of the project is the development of the entrepreneurial environment in the municipality and in the region by supporting the entrepreneurial initiatives in the creative field, the development of the local economic competitiveness and the consolidation of the market position of the small and medium enterprises.

On 10.10.2019, Bacau Municipality decides to carry out a project in partnership with the Bacau Local Development Agency. It consists in the realization of the first modern traffic management system in Bacau for the prioritization of local public transport corridors and bicycle trips. The total value of the investment is 91,429,550.68 lei, and the duration of the investment is 36 months, of which 24 months the execution. Through this project, traffic management systems will be created and expanded, composed of the following subsystems and sub-activities: CCTV video monitoring systems; Adaptive and synchronized signaling and traffic light systems; Location systems for urban public transport and management; Real time passenger information systems; Software application subsystems for real-time information to users on the transit program, including travel planning software applications; Other information systems; Location of vehicle detection sensors; Equipping the command center for traffic management, with specific software and hardware components; Occasional works for rehabilitation / modernization of road infrastructure in the area of intersections; Subsystems intended to sanction deviations from traffic and street arrangement rules through specific application modules and equipment; Fiber optic network, to ensure the communication system between the traffic lights and the Management and Command Center.

LCD no. 221/19.10.2020, approved the project budget and the expenses necessary for the investment objective "Corridor for non-motorized trips for leisure: Center-Leisure Island", in order to finance it within the Regional Operational Program 2014-2020. The total approved value of the project is in the amount of 4,405,092.55 lei (including VAT).

By LCD no. 243/10.11.2020, the list of priority investments within the Regional Project for the development of water and wastewater infrastructure in Bacau County is approved, in the period 2014-2020. The value of the investments related to Bacau Municipality is in the amount of RON 339,357,455.6 th (excluding VAT).

Through LCD no. 41 of 07.02.2022 is approved the update of the project budget for the investment objective "Corridor for non-motorized movements Center - Bacau Railway Station - Cartier CFR - Polivalenta Hall - CAEX/Industrial Park (CFR)", financed by the Regional Operational Program 2014-2020, the total investment value being 22,667,565.57 lei (including VAT).

Context: Legislative changes with an impact on the budget and / or the general framework:

1. Quotas and amounts deducted from the income tax: VARIATION (2006-2022): national

	2022, 2021, 2020, 2019, 2018- by exception from 273 (Art. 32 & 33)							Law 273/2006			
	Law of the State Budget 317/2021	Rectification of the State Budget GEO 3/09.2021	Law of the State Budget 15/2021	Rectification of the Law of the State Budget EGO 50/2020	Law of the State Budget 5/2020	Law of the State Budget 50/2019	Law of the State Budget 2/2018	By Low 286/12.12.2020	02.12.2012	01-01-11	18-07-06
AT COUNTRY LEVEL											
Local Budgets: to the local budgets of the communes, cities and municipalities on whose territory the income tax payers are working	63%	63%	63%	65%	63%	60%	43%	65%	41.75%	44%	47%
The Local Budget of the County	15%	15%	15%	14%	14%	15%	11.25%	15%	11.25%	12%	13%
in a separate account to the County Residence Municipality Treasury, for balancing the budgets	**14%**	**14%**	**14%**	**15%**	**14%**	**17.5%**	**17.25%**	**14%**	**18.5%**	21%	22%
Equally to the counties distributed by CC decision (for local development, infrastrucure programs, operating expenditures) Within 5 days from the date of publicationa of the budget in the OM, CC request written requests from ATU	**6%**	**6%**	**6%**	**6%**	**6%**	**7.5%**		**6%**			
	within the limit of lei 32,994 th	within the limit of lei 13,566 th	within the limit of lei 13,566 th	within the limit of lei 27,316 th		within the limit of lei 28,492 th					
In a separate account, opened on the account of the regional general directions of public finances/county administrations of public finances, which are fully 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.	**2%**	**2%**	**2%**		**3%**						
Reserve Fund											
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**71.5%**	**100.0%**	**71.5%**	**77%**	**82%**

2. General framework

2017: GEO no. 2/06.01.2017; Law 153/2017; GD 846/2017: increase staff costs

2018: GEO 79/2017:

- decrease of the income tax from 16%, the level until December 2017, to 10%, from January 1, 2018;
- amending the fiscal framework regarding the transfer of contributions from employer to employee; possible changes regarding the alignment no. of posts;
- on certain fiscal-budgetary measures, amending and additioning certain normative acts and extending some deadlines: "Starting with 2018, from the state budget, through the budget of the Ministry of National Education, it is ensured, for the state pre-university education units, the financing of the expenses with salaries, bonuses, indemnities and other salary rights in money, established by law".

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

Table of contents Section I

Section I: Summary of budgetary dynamics

- Revenue and expenditure balance at Q2 2022 vs. Q2 2021
- Revenue and expenditure structure

Balance of revenues and expenditures

at Q2 2022, as compared to Q2 2021

'000 RON

		Q2 2021	Q2 2022	%
	TOTAL REVENUES	**155,943.1**	**284,992.4**	**82.8%**
	TOTAL EXPENDITURES	**137,205.8**	**218,091.3**	**59.0%**
1	**Operational Revenues**	**150,315.4**	**277,872.5**	**84.9%**
2	**Tax revenues**	**121,312.2**	**202,027.7**	**66.5%**
3	Own tax revenues	**108,648.2**	157,976.7	45.4%
4	Sums deducted from VAT	**12,664.0**	44,051.0	247.8%
5	**Non - tax revenues, out of which:**	**28,943.8**	**34,889.5**	**20.5%**
6	Non - tax own revenues	**14,373.8**	16,842.5	17.2%
7	Donations and sponsorships	**1.1**	0.2	-80.4%
8	**Current subsidies**	**59.3**	**40,955.4**	**68908.9%**
1	**Operational Expenditures (OPEX), out of which:**	**113,212.6**	**185,097.3**	**63.5%**
2	Staff costs (PEREX)	33,714.4	36,243.2	7.5%
3	Goods and services*	44,066.2	70,021.4	58.9%
4	Current transfers	16,599.8	17,817.5	7.3%
5	Social assistance	10,601.7	11,302.1	6.6%
6	Subsidies	5,000.0	40,847.2	716.9%
7	Other expenditures	- 160.7	6,551.1	-4176.3%
	Operational Result	**37,102.8**	**92,775.2**	
	Operational Surplus (% from OPEX)	32.8%	50.1%	
	Operational Deficit (% from Op. revenues)	-	-	
1	**Investment Revenus**	**5,616.6**	**2,807.0**	**-50.0%**
2	Capital revenues	525.2	160.2	-69.5%
3	Capital subsidies	3,421.5	203.7	-94.0%
4	Sums received from the EU	1,669.8	2,443.1	46.3%
1	**Investment Expenditures (CAPEX), out of which:**	**6,919.1**	**15,584.4**	**125.2%**
2	Capital transfers	776.9	309.7	-60.1%
3	Projects with EU financing	2,107.4	5,317.9	152.3%
4	Capital expenditures	4,034.7	10,552.3	161.5%
	Result from the investment activity	**- 1,302.5**	**- 12,777.4**	
1	**Financial Revenues**	**11.2**	**4,312.9**	**38532.1%**
2	Financial operations	11.2	4,312.9	38532.1%
1	**Financial Expenditures**	**17,074.2**	**17,409.6**	**2.0%**
2	Commissions related to loans	163.7	148.5	-9.3%
3	Interests	3,279.3	3,630.0	10.7%
4	Reimbursement of loans	13,631.1	13,631.1	0.0%
	Financial Result	**- 17,063.0**	**- 13,096.7**	
	Result of the period	**18,737.3**	**66,901.2**	**257.0%**
	Surplus (% from Total Expenditures)	13.7%	30.7%	
	Deficit (% from Total Revenues)	-	-	
	Result of the period (without previous year's surplus)	**18,726.1**	**62,588.3**	**234.2%**
	Own revenues/Operational revenues (%)	91.8%	68.1%	
	OPEX/Own revenues (%)	82.0%	97.8%	
	(OPEX-PEREX, from Education&Insurance and social assistance)/(O. Rev.-Quotas deducted from the income tax) (%)	134.0%	209.8%	

- At the end of the first six months of the current year, the Operating Result registered a surplus of RON 92,775.2 th, representing 50.1% out of the Operating Expenditures, being by RON 55,672.4 th (+150%) above the level of the surplus recorded in the same period of 2021. The evolution was determined by an increase in Operating revenues (+RON 127,557.2 th, +84.9%), coupled with an increase in Operating Expenditures (+RON 71,884.7 th, +63.5%).
- The result from the investment activity recorded at Q2 2022 a deficit of RON 12,777.4 th. The deficit of the current year is above the level recorded at Q2 2021 mainly based on an downward trend of the Investment revenues (-RON 2,809.6 th, -50%) compared to the increase of the Investment Expenditures (+RON 8,665.3 th, +125.2%).
- The financial result marked a deficit of RON 13,096.7 th, compared to the negative result recorded in Q2 2021 (-RON 17,063 th), based on higher financial expenses (+RON 335.4 th, +2%), compensated also by higher Financial revenues (+RON 4,301.7 th).
- The result of the period (without the amounts used from the previous surplus) is a positive one in both periods. Therefore, taking into account the operational surplus used to cover the deficits resulting from the investment and financial activities, the result of the period registers a surplus of RON 66,901.2 th.

*) **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;

Revenues and expenditures balance

at Q1 2022, as compared to Q2 2021

'000 RON

Payments performed at Q2 2022, as compared to Q2 2021 (Variation)

Budgetary chapter	TOTAL EXPENDITURES	Total Operational Expenditures	Operational expenditures, out of which: Staff costs	Goods and services*	Social assistance	Financial Expenditures	Investment Expenditures	Investment expenditures (budget 2022)
Public Authorities and external actions	3,742.1	4,724.2	3,588.6	1,187.5	0.0	0.0	-982.1	8,329.2
Other general public services	897.4	898.1	380.3	248.5	0.0	0.0	-0.7	369.0
Transactions regarding the public debt and loans	335.4	0.0	0.0	0.0	0.0	335.4	0.0	0.0
General Transfers between different levels of administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Defense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public order and national security	1,130.5	1,130.5	93.4	600.7	0.0	0.0	0.0	120.0
Education	16,876.2	16,094.7	0.0	7,968.1	213.7	0.0	781.5	42,112.9
Health	3,448.9	221.6	0.0	0.0	0.0	0.0	3,227.3	32,731.7
Culture, recreation and religion	5,975.9	3,039.4	735.9	1,808.6	0.0	0.0	2,936.5	22,400.3
Insurance and social assistance	2,989.2	2,406.5	1,056.9	917.0	486.7	0.0	582.7	7,594.9
Housing, public services and	3,137.5	2,926.6	-220.7	3,119.4	0.0	0.0	210.9	4,654.2
Environment protection	263.2	587.6	-3,976.1	6,975.8	0.0	0.0	-324.3	22,485.2
General economic, commercial and working actions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fuel and power	35,915.0	35,847.2	0.0	0.0	0.0	0.0	67.7	3,527.9
Agriculture, Forestry, Fish breeding and	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transport	6,174.2	4,008.3	870.4	3,129.5	0.0	0.0	2,165.8	159,976.8
Other economic actions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**80,885.4**	**71,884.7**	**2,528.8**	**25,955.1**	**700.4**	**335.4**	**8,665.3**	**304,302.1**

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

Distribution of the Investment expenditures in 2022 (according to the budget), as compared to the distribution of the execution in 2021

Structure of the Operational Result (Q2 2022 vs. Q2 2021)

Revenue and expenditure structure

at 30.06.2022

'000 RON

The structure of performed own revenues

189,308.0

The structure of performed total revenues

284,992.4

The structure of planned own revenues

251,857.0

The structure of planned total revenues

539,005.6

The structure of performed functional expenditures

284,992.4

The structure performed economic expenditures

284,992.4

The structure of planned functional expenditures

539,005.6

The structure of planned economic expenditures

539,005.6

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

Planned level - final provisions approved at the end of the reporting period;

Collected revenues at Q2 2022

Performed expenditures at Q2 2022

Planned revenues at Q2 2022

Planned expenditures at Q2 2022

Table of contents Section II

Section II: Budgetary Revenues

- The situation of the revenues collected at 30.06.2022
- The variation of the performed revenues at Q2 2022 compared to Q2 2021
- Budgetary provisions: the achievement degree of the revenues at Q2 2022
- Revenues ratios

The situation of the revenues collected

at 30.06.2022

'000 RON

Line	Revenues	2022 Planned 2022	% /TRC	2022 Planned at Q2	% /TRC	2022 Rectified at Q2	% /TRC	2022 Execution at Q2	% /TRC	2021 Planned 2021	% /TRC	2021 Planned at Q2	% /TRC	2021 Execution at Q2	% /TRC
1	**Total revenues (TR)**	**691,862.2**		**505,824.8**		**539,005.6**		**284,992.4**		**448,628.6**		**230,289.6**		**155,943.1**	
2	**Own revenues, out of which:**	**400,507.4**	57.9	**260,007.0**	51.4	**251,857.0**	46.7	**189,308.0**	67.4	**304,820.5**	67.9	**176,009.0**	76.4	**138,043.6**	88.5
3	Quotas deducted from the income tax	219,351.0	31.7	109,676.0	21.7	109,676.0	20.3	108,908.8	38.8	175,894.0	39.2	91,998.0	39.9	65,021.4	41.7
4	Capital revenues	600.0	0.1	450.0	0.1	450.0	0.1	160.2	0.1	631.0	0.1	401.0	0.2	525.2	0.3
5	Revenues from concessions and rents	10,814.0	1.6	6,877.0	1.4	6,877.0	1.3	5,486.0	2.0	10,569.0	2.4	6,877.0	3.0	6,320.7	4.1
6	Payments from net profit of self-governing administration, national societies and companies	-	-	-	-	-	-	85.0	0.0	49.0	0.0	49.0	0.0	48.8	0.0
7	Revenues from dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Tax on revenues from the transfer of real estate from the private patrimony	562.0	0.1	310.0	0.1	310.0	0.1	630.2	0.2	562.0	0.1	310.0	0.1	154.7	0.1
9	Tax on buildings from the population	13,607.0	2.0	12,600.0	2.5	12,600.0	2.3	11,860.7	4.2	16,045.0	3.6	12,600.0	5.5	10,771.3	6.9
10	Tax on land from the population	2,151.0	0.3	1,780.0	0.4	1,780.0	0.3	1,775.9	0.6	2,840.0	0.6	1,941.0	0.8	1,707.1	1.1
11	Tax on the means of conveyance owned by the population	8,575.0	1.2	7,000.0	1.4	7,000.0	1.3	7,094.0	2.5	9,111.0	2.0	7,000.0	3.0	6,279.9	4.0
12	Tax on buildings from the legal entities	16,344.0	2.4	15,879.0	3.1	15,879.0	2.9	13,489.7	4.8	22,779.0	5.1	15,879.0	6.9	12,922.6	8.3
13	Tax on land from the legal entities	4,513.0	0.7	3,365.0	0.7	3,365.0	0.6	2,742.6	1.0	4,465.0	1.0	3,317.0	1.4	2,561.7	1.6
14	Tax on the means of conveyance owned by the legal	5,497.0	0.8	3,494.0	0.7	3,494.0	0.6	4,730.0	1.7	4,969.0	1.1	3,494.0	1.5	4,194.9	2.7
15	Fees and charges for the issuance of licences and functioning authorisations	1,302.0	0.2	1,078.0	0.2	1,078.0	0.2	1,067.3	0.4	1,813.0	0.4	1,078.0	0.5	767.2	0.5
16	Stamp duties, for notary work and other stamp duties	3,024.0	0.4	1,385.0	0.3	1,385.0	0.3	1,234.8	0.4	2,285.0	0.5	1,385.0	0.6	1,679.5	1.1
17	Extrajudicial stamp duties	237.0	0.0	135.0	0.0	135.0	0.0	287.9	0.1	215.0	0.0	135.0	0.1	111.0	0.1
18	Revenues from fines and other legal sanctions	2,305.0	0.3	1,400.0	0.3	1,400.0	0.3	1,288.7	0.5	2,300.0	0.5	1,400.0	0.6	1,055.7	0.7
19	Other own revenues	111,625.4	16.1	94,578.0	18.7	86,428.0	16.0	28,466.4	10.1	50,440.9	11.2	28,292.4	12.3	24,005.7	15.4
	Sums allocated from the quotas deducted from income tax to balance the local budgets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Sums deducted from the VAT	81,438.0	11.8	35,901.0	7.1	44,051.0	8.2	44,051.0	15.7	77,317.0	17.2	30,696.0	13.3	12,664.0	8.1
21	Donations and sponsorships	-	-	-	-	0.2	0.0	0.2	0.0	-	-	-	-	1.1	0.0
22	Subsidies received from the State Budget	37,348.9	5.4	37,348.9	7.4	69,850.9	13.0	41,159.1	14.7	18,926.4	4.2	12,876.7	5.6	3,480.9	2.2
23	Sums received from EU for the made payments	164,821.0	23.8	164,821.0	32.6	165,499.5	30.7	2,443.1	0.9	47,417.3	10.6	10,560.5	4.6	1,669.8	1.1
24	Other revenues	7,747.0	1.1	7,747.0	1.5	7,747.0	1.4	8,031.0	2.9	**147.4**	0.0	**147.4**	0.1	**83.8**	0.1
			% /TR		% /TR		% /TR		% /TR		% /TR		% /TR		% /TR
Operational revenues		499,170.6	72.1	313,283.2	61.9	344,115.6	63.8	277,872.5	97.5	381,654.9	85.1	206,452.4	89.6	150,315.4	96.4
Investment revenues		192,691.7	27.9	192,541.7	38.1	194,890.0	36.2	2,807.0	0.98	66,973.7	14.9	23,837.2	10.4	5,616.6	3.60
Financial revenues		-	-	-	-	-	-	4,312.9	1.5	-	-	-	-	11.2	0.0
Total revenues - operating section		**451,687.3**	65.3	**265,799.9**	52.5	**296,632.3**	55.0	**266,654.5**	93.6	**311,935.5**	69.5	**169,248.8**	73.5	**148,742.8**	95.4
Total revenues - development section, out of which:		**240,175.0**	34.7	**240,025.0**	47.5	**242,373.3**	45.0	**18,338.0**	6.4	**136,693.1**	30.5	**61,040.8**	26.5	**7,200.3**	4.6
Previous surplus		**-**	-	**-**	-	**-**	-	**4,312.9**	1.5	**-**	-	**-**	-	**11.2**	0.0
Total revenues collected (TRC* = TR - Previous surplus)		**691,862.2**	100.0	**505,824.8**	100.0	**539,005.6**	100.0	**280,679.5**	98.5	**448,628.6**	100.0	**230,289.6**	100.0	**155,931.9**	100.0

**) %TRC - Represents the weight of each line in Total Revenues Collected (without reserves);*

***) at Q2 2021 the revenue and expenditure budget was not rectified*

Revenues from the tax on property		50,687.0	7.3	44,118.0	8.7	44,118.0	8.2	41,692.9	14.9	60,209.0	13.4	44,231.0	19.2	38,437.4	24.7
9 + 12	Taxes and duties on buildings	29,951.0	4.3	28,479.0	5.6	28,479.0	5.3	25,350.4	9.0	38,824.0	8.7	28,479.0	12.4	23,693.8	15.2
10 + 13	Tax and duties on land	6,664.0	1.0	5,145.0	1.0	5,145.0	1.0	4,518.5	1.6	7,305.0	1.6	5,258.0	2.3	4,268.8	2.7
11 + 14	Taxes on the means of conveyance	14,072.0	2.0	10,494.0	2.1	10,494.0	1.9	11,824.0	4.2	14,080.0	3.1	10,494.0	4.6	10,474.8	6.7

The variation of the performed revenues

at Q2 2022 compared to Q2 2021

'000 RON

Total revenues

Own revenues

The revenues collected to the local budget, without taking into account the sums used from the previous surplus for expenditures' financing, increased by 80%, respectively by RON 124,747.6 thousand, up to the level of RON 280,679.5 th.

- ***Own revenues***, with a share of 67.4% in total revenues in the reporting period, register an increase by RON 51,264.4 th (+37,1%).
- ***The subsidies from the state budget*** are increased by RON 37,678.2 th (+1,082.4%), the influences being observed at the level of the current ones, especially the registration of the amount of RON 40,847.2 th at the level of Subsidies to compensate for the unforeseeable increases in fuel prices (without amounts in the similar period of the previous year), while the level of the capital ones decreased by RON 3,217.8 th, especially for the Financing of the National Local Development Program (-RON 3,336.4 th).
- The ***Sums deducted from VAT*** register an increase by 247,8% to the value of RON 44,051 th, mainly by increasing amounts related to Sums deducted from VAT for financing the expenditures of villages, communes, towns by RON 30,498 th (+258.2%).
- Whitin the ***Other revenues*** group were recorded at Q2 2022 Other voluntary transfers worth RON 3,718.1 th and Sums from the local budget surplus used for financing the development expenditures in amount of RON 4,312.9 th (as compared to their value of RON 11.2 th recorded at Q2 2021).
- ***The amounts received from the EU for the payments made*** faced an increase by RON 773.3 th, up to the level of RON 2,443.1 th. The dynamics are reflected at the level of the 2014-2020 financial framework, respectively the increase of revenues by RON 1,799.3 th related to the programs from the European Regional Development Fund, while the ones for the European Social Fund decreased by RON 1,026.1 th.

- ***Own revenues*** reach the value of RON 189,308 th during the reporting period, (+RON 51,264.4 th), while the most important influences that determine the evolution of the group are found at the level of the following categories of income:
  - *Quotas and amounts deducted from the income tax*, with an increase of RON 43,887.4 th (+67.5%), entirely at the level of the Quotas deducted from the income tax;
  - *Other taxes collected to the local budget*, with an increase of RON 3,596.8 th (+19.4%), mainly determined by higher level of: Other taxes and duties on property (+RON 1,789.4 th, +181.8%), Special taxes (+RON 1,712 th, +12.8%), Other taxes and fees (+755.1 thousand RON, +122.9%), Fees and charges for the issuance of functioning licenses and authorizations (+RON 300.1 th, +39.1%), while Stamp duties for notary work and other stamp duties deceased by RON 444.7 th (-26.5%);
  - *Revenues from the tax on property*, by RON 3,255.5 th (+8.5%) above the reference period of 2021, mostly due to amounts collected from individuals (+RON 1,972.4 th), those from legal entities registering a less accelerated increase (+RON 1,283.1 th). The increase of these taxes is determined by the level of tax and tax on buildings (+RON 1,656.6 th), followed by the increase in revenues from Taxes on the means of conveyance (+RON 1,349.2 th) and for land (+RON 249.7 th).

Budgetary provisions

Achievement degree of the revenues at Q2 2022

'000 RON

Budgetary rectification, as compared to the initial provisions

The initial budget of revenues and expenses was amended by LCD no. 253 from 20.06.2022. The **total provisions related to the revenues for the first half of 2022** were augmented by RON 33,180.7 th (+6.6%). The revision of the budget aimed the following revenues groups:

- The ***Subsidies from the state budget*** faced increased estimations by RON 32,502 th above the level provided in the initial budget (+87%), up to the value of RON 69,850.9 th, the rectification being mainly reflected at the level of Subsidies for compensating the unforeseen increases in the prices of fuel (+RON 30,832.2 th, +307.9%);
- The ***Sums deducted from VAT*** were increased by RON 8,150 thousand in the amended budget at Q2 2022 (+22.7%), entirety at the level of those for financing the expenditures of villages, communes, towns;
- Within ***Qwn revenues***, lower collections were foreseen by RON 8,150 thousand (-3.1%), entirely at the level of Other Incomes (-11.7%).

According to the last budget rectification from the first semester of the current year, the **total provisions related to the year 2022** were increased by RON 33,180.7 th (+4.8%) compared to the initial ones, especially at the level of:

- ***Operational revenues*** (+RON 30,832.4 th, +6.2%) through higher final provisions for Current subsidies (+RON 30,832 th, fully at the level of Subsidies to compensate for unforeseen increases in fuel prices);
- ***Investment revenues*** (+RON 2,348.3 th, +1.2%), as a result of the increase in provisions for Capital Subsidies by RON 1,669.8 th (through the inclusion of Allocations of PNRR amounts related to non-reimbursable financial assistance in the amount of RON 1,550 th) but also of the Sums received from the EU for the made payments (+RON 678.6 th, +0.4%).

Budgetary provisions

Achievement degree of the revenues at Q2 2022

'000 RON

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

The total revenues collected to the local budget at the end of the reporting period are by RON 258,326 th below the level of the final budget provisions, thus marking a degree of their achievement of 52.1%.

- ***Investment revenues*** were by RON 192,083 th below the estimated level (with an execution rate of 1.4%), mostly due to:
  - *Amounts received from the EU for the made payments* (registered at the value of RON 2,443.1 th) but included in the final budget at the value of RON 165,499.5 th, the evolution being generated mainly by the execution under provisions of the Amounts received for the payments made during the previous years related to the European Regional Development Fund that were collected by RON 150,261.8 th under estimates;
  - *Capital subsidies* (registering RON 203.7 th), by RON 28,736.8 th under the provisions included in the final budget, through the amounts related to Subsidies from the state budget to local budgets necessary to support the development of projects financed from non-reimbursable external funds (FEN) post-accession, related to the programming period 2014-2020 collected by RON 27,023 th under the provisions, while for the Financing of the National Local Development Program was registered the negative value of RON 163.8 th (without provisions registered in the final budget);
  - The *Capital revenues* marked a performence degree of 35.6% out of the final provisions, considering the execution of 0.2% of the Revenues from the sale of houses build from state funds (-RON 299.3 th).
- ***Operating revenues*** are by RON 66,243 th below the level estimated in the final budget, with an execution degree of 80.7%. The structure of the budget execution is influenced in the analyzed interval by the following categories of revenues:
  - *Diverse revenues*, the group that registers an execution degree of 21.7% out of the budgetary provisions (-RON 59,625.4 th), determined by the value by RON 60,199.8 th below the budgeted level of Other revenues, the lack of Revenues from implementing the extinctive prescription (included in the final budget in amount of ROB 14,500 th), counterbalanced by the execution of Special Taxes, in amount of RON 15,074.4 th (no related estimations being included in the final budget);
  - *Voluntary transfers* that recorded a performance degree of 48%, being by RON 4,028.9 th below the final estimations, mainly related to the Other voluntary transfers;
  - *Revenues from tax on property*, being by RON 2,425.1 th below the estimated level, with a dynamic determined by the amounts collected from legal entities (--RON 1,775.7 th) and the population (-RON 649.4 th), respectively significant influences from taxes on buildings (-RON 3,128.6 th) and on means of conveyance (+RON 1,662.5 th);
  - *Other taxes and duties on property* recorded an execution degree of 149.6% out of the final estimations (+RON 1,662.5 th).
- ***Financial revenues*** were not provisioned in the final budget, but at Q2 2022 the value of RON 4,312.9 th was reelected, entirely for Sums from the local budget surplus used for financing the development expenditures.

Revenues ratios

at Q2 2022, as compared to Q2 2021

'000 RON

Ratios	Q2 2022	Q2 2021
Revenues from the tax on property	**41,698.8**	**38,441.1**
Revenues per Capita	213.1 RON	194.9 RON
The revenue weight in the total revenues	14.6%	24.7%
Own tax revenues	**157,976.7**	**108,648.2**
Revenues per Capita	807.3 RON	550.9 RON
The revenue weight in the total revenues	55.4%	69.7%
Total current revenues (autonomous)	**236,917.2**	**150,256.0**
Revenues per Capita	1,210.7 RON	761.9 RON
The revenue weight in the total revenues	83.1%	96.4%
Operational revenues	**277,872.5**	**150,315.4**
Revenues per Capita	1,420.0 RON	762.2 RON
The revenue weight in the total revenues	97.5%	96.4%
Investment revenues	**2,806.99**	**5,616.6**
Revenues per Capita	14.3 RON	28.5 RON
The revenue weight in the total revenues	0.98%	3.60%
Total revenues per Capita	**1,456.4 RON**	**790.7 RON**
Own revenues per Capita	**967.4 RON**	**700.4 RON**
The level of financing from the own revenues	**66.4%**	**88.6%**
The degree of self-financing	**28.2%**	**46.9%**
The degree of dependency of the local budget to the state budget	**29.9%**	**10.4%**
The degree of decisional autonomy	**66.4%**	**88.6%**
The degree of achievement of the revenues from the initial budget	**56.3%**	**67.7%**
The degree of achievement of the revenues from the final budget	**52.9%**	**n/a**
The degree of achievement of the own revenues from the initial budget	**72.8%**	**78.4%**
The degree of achievement of the own revenues from the final budget	**75.2%**	**n/a**
The degree of achievement of the property taxes from the initial budget	**94.5%**	**86.9%**
The degree of achievement of the property taxes from the final budget	**94.5%**	**n/a**
The annual estimate from the local tax revenues (maximum probability)	**65,423.9**	**58,955.2**
The annual estimate from the local tax revenues (rectified budget)	**61,238.0**	**69,552.0**
The degree of achievement of the annual revenues estimated from the local tax revenues	**93.6%**	**118.0%**
The collection degree from the initial budget of the revenues from:		
Quotas deducted from the income tax	99.3%	-
Taxes on buildings from the population	94.1%	85.5%
Taxes on land from the population	99.8%	87.9%
Taxes on the means of conveyance from the population	101.3%	89.7%
Taxes on buildings from legal entities	85.0%	81.4%
Taxes on land from legal entities	81.5%	77.2%
Taxes on the means of conveyance from legal entities	135.4%	120.1%
Capita,	**195,687**	**197,222**
as of:	01.01.2021	01.01.2020

- ***Revenues from tax on property*** are up by RON 3,257.7 th (+8.5%), due to revenues from taxes on buildings (+RON 1,656.6 th, +7%), on means of conveyance (+RON 1,349.2 th, +12.9%) and on land (+RON 249.7 th, +5.9%).
- ***Own tax revenues*** are higher by RON 49,328.5 th (+45.4%) mainly as a result of:
  - Increase of the Quotas deducted from the income tax (+RON 43,887.4 th, +67.5%);
  - Higher collections from Tax on property;
  - Increased Other taxes and duties on property (+RON 1,789.4 th), Tax on revenues from the transfer of real estate from the private patrimony (+RON 475.4 th) and the Fees and charges for the issuance of functioning licenses and authorizations (+RON 300.1 th, +39.1%);
  - Decrease of Stamp duties, for notary work and other stamp duties (RON -444.7 th, -26.5%);
- ***Total current revenues*** (autonomous) registered a level by RON 86,661.1 th (+57.7%) higher, as a result of:
  - Tax revenues, increased by RON 80,715.5 th (+66.5%), with influences from Own tax revenues and Sums deducted from VAT (+RON 31,387 th, +247.8%);
  - Non-fiscal revenues, higher by RON 5,945.7 th (+20.5%), mainly due to revenues from: Other voluntary transfers (+RON 3,645.5 th), Diverse revenues (+RON 2,291.9 th), from Special taxes (+RON 1,712 th), Revenues from services (+RON 542.7 th, +31.5%), while the Revenues from property decreased by RON 798.5 th;
- The ***operating revenues*** collected in the analyzed period are by RON 127,557.2 th (+84.9%) higher, the evolution being determined by an increased level of Current subsidies (+RON 40,896 th, especially at the level of Subsidies for compensating the unforeseen increases in the prices of fuel, that recorded the value of RON 40,847.2 th at Q2 2022, without amounts at Q2 2021) and Current revenues (+RON 86,661.1 th, +57.7%);
- ***Investment revenues*** were by RON 2,809.6 th lower (-50%). These revenues are related to Capital subsidies (-RON 3,217.8 th), Sums received from the EU/other donors for the made payments and pre-financing, related to the 2014-2020 financial framework (+RON 773.3 th), respectively the decrease by RON 365 th of the Capital Revenues.

Table of contents Section III

Section III: Budgetary expenditures (functional classification)

- The situation of the expenditures performed at 30.06.2022
- The variation of the performed expenditures at Q2 2022 vs. Q2 2021
- Budgetary provisions: the achievement degree of the expenditures at Q2 2022

The situation of the expenditures performed

at 30.06.2022

'000 RON

Line	Expenditures	2022 Planned 2022	% /TP	Planned at Q2	% /TP	Rectified at Q2	% /TP	Execution at Q2	% /TP	2021 Planned 2021	% /TP	Planned at Q2	% /TP	Execution at Q2	% /TP
Functional classification		**691,862.2**		**505,824.8**		**539,005.6**		**284,992.4**		**448,628.6**		**230,289.6**		**155,943.1**	
1	Public authorities and external actions	66,458.9	8.8	39,972.9	8.0	40,771.4	7.7	27,135.7	12.4	51,776.7	11.1	28,843.0	11.4	23,393.6	17.1
2	Transactions regarding the public debt (interest and fees)	6,727.0	0.9	4,274.0	0.9	4,274.0	0.8	3,778.4	1.7	7,416.0	1.6	3,869.0	1.5	3,443.1	2.5
3	Education	113,135.1	15.0	68,607.6	13.8	71,679.5	13.5	33,236.5	15.2	62,139.9	13.3	34,052.7	13.5	16,360.3	11.9
4	Health	41,509.7	5.5	33,243.3	6.7	33,243.3	6.3	7,868.3	3.6	26,363.2	5.6	10,151.0	4.0	4,419.5	3.2
5	Culture, recreation and religion	61,243.3	8.1	37,605.5	7.6	37,704.4	7.1	16,900.1	7.7	39,140.8	8.4	25,383.5	10.0	10,924.2	8.0
6	Insurance and social assistance	76,972.6	10.2	48,310.5	9.7	48,310.5	9.1	31,210.3	14.3	70,082.3	15.0	38,645.0	15.3	28,221.1	20.6
7	Housing, public service and development	33,944.6	4.5	24,401.3	4.9	24,401.3	4.6	8,468.2	3.9	16,237.5	3.5	10,518.4	4.2	5,330.7	3.9
8	Environment protection	82,583.0	11.0	64,354.3	12.9	64,354.3	12.1	27,116.5	12.4	83,632.6	17.9	57,388.2	22.7	26,853.3	19.6
9	Fuel and power	50,759.7	6.7	39,127.9	7.9	69,960.2	13.2	43,108.3	19.8	33,139.6	7.1	17,861.8	7.1	7,193.3	5.2
10	Transport	188,399.8	25.0	118,648.1	23.9	118,648.1	22.3	7,354.5	3.4	56,686.7	12.1	14,941.6	5.9	1,180.3	0.9
11	Other expenditures	31,907.3	4.2	18,457.0	3.7	18,457.0	3.5	11,914.4	5.5	20,872.0	4.5	11,272.7	4.5	9,886.6	7.2
12	Reserves, Surplus / Deficit	- 61,778.7		8,822.6		7,201.7		66,901.2		- 18,858.5		- 22,637.2		18,737.3	
Economic classification		**691,862.2**		**505,824.8**		**539,005.6**		**284,992.4**		**448,628.6**		**230,289.6**		**155,943.1**	
1	Staff costs, of which:	91,216.1	12.1	49,106.1	9.9	49,106.1	9.2	36,243.2	16.6	78,314.2	16.8	42,634.6	16.9	33,714.4	24.6
	without those for Education and Insurance and social assistance	47,423.4	6.3	25,185.4	5.1	25,185.4	4.7	19,821.1	9.1	44,525.1	9.5	22,926.5	9.1	18,349.2	13.4
2	Social assistance	20,142.2	2.7	15,239.2	3.1	15,239.3	2.9	11,302.1	5.2	22,702.6	4.9	11,946.6	4.7	10,601.7	7.7
3	Subsidies	40,015.0	5.3	32,015.0	6.4	62,847.2	11.8	40,847.2	18.7	5,000.0	1.1	5,000.0	2.0	5,000.0	3.6
4	Goods and services	186,715.9	24.8	136,692.2	27.5	139,672.0	26.3	70,169.8	32.2	109,891.9	23.5	63,589.5	25.1	44,230.0	32.2
5	Capital expenditures	95,593.9	12.7	94,643.9	19.0	92,045.9	17.3	10,552.3	4.8	87,974.8	18.8	49,827.0	19.7	4,787.5	3.5
6	Interest	6,114.0	0.8	3,661.0	0.7	3,661.0	0.7	3,630.0	1.7	6,845.0	1.5	3,319.0	1.3	3,279.3	2.4
7	Loan reimbursements	31,033.0	4.1	15,300.0	3.1	15,300.0	2.9	13,631.1	6.3	27,317.0	5.8	13,829.3	5.5	13,631.1	9.9
8	Current transfers	40,299.9	5.3	21,495.5	4.3	21,495.5	4.0	17,817.5	8.2	35,027.0	7.5	19,501.8	7.7	16,599.8	12.1
9	Internal transfers	20,559.1	2.7	16,710.4	3.4	17,006.7	3.2	2,559.1	1.2	20,859.8	4.5	19,006.8	7.5	4,022.0	2.9
10	Projects financed from non-reimbursable external funds	192,534.7	25.5	98,080.8	19.7	101,206.2	19.0	5,317.9	2.4	55,344.8	11.8	13,626.3	5.4	2,107.4	1.5
11	Other expenditures	29,417.3	3.9	14,058.4	2.8	14,224.0	2.7	6,021.0	2.8	18,210.0	3.9	10,645.8	4.2	- 767.4	-0.6
12	Reserves, Surplus / Deficit	- 61,778.7		8,822.6		7,201.7		66,901.2		- 18,858.5		- 22,637.2		18,737.3	
Total payments (TP) *(total expenditures performed without considering the periods' result)*		**753,641.0**		**497,002.3**		**531,803.8**		**218,091.3**		**467,487.2**		**252,926.7**		**137,205.8**	
Operational expenditures		413,927.3	54.9	270,977.4	54.5	303,331.7	57.0	185,097.3	84.9	277,202.5	59.3	159,543.1	63.1	113,212.6	82.5
Investment expenditures		301,953.7	40.1	206,450.9	41.5	208,898.2	39.3	15,584.4	7.1	155,551.7	33.3	75,685.4	29.9	6,919.1	5.0
Financial expenditures		37,760.0	5.0	19,574.0	3.9	19,574.0	3.7	17,409.6	8.0	34,733.0	7.4	17,698.3	7.0	17,074.2	12.4
Total of the Operating Section		**451,687.3**	**59.9**	**290,551.4**	**58.5**	**322,905.7**	**60.7**	**202,506.9**	**92.9**	**311,935.5**	**66.7**	**177,241.4**	**70.1**	**130,286.8**	**95.0**
Reserves, surplus/deficit for the operating section		-		- 24,751.5		- 26,273.4		64,147.6		-		- 7,992.6		18,456.0	
Total of the Development Section		**301,953.7**	**40.1**	**206,450.9**	**41.5**	**208,898.2**	**39.3**	**15,584.4**	**7.1**	**155,551.7**	**33.3**	**75,685.4**	**29.9**	**6,919.1**	**5.0**
Reserves, surplus/deficit for the development section		- 61,778.7		33,574.1		33,475.2		2,753.6		- 18,858.6		- 14,644.6		281.3	

**) at Q2 2021 the revenue and expenditure budget was not rectified*

The variation of the performed expenditures at Q2 2022 vs. Q2 2021

Functional classification

'000 RON

The structure of the payments performed at Q2 2021

The structure of the payments performed at Q2 2022

The level of payments made increased by RON 80,885.4 th (+59%) above the budgetary execution of the reference period of the previous year.

- The chapter ***Fuel and power*** marks the most important increase in payments at Q2 2022 compared to the similar period of the prior year, respectively by RON 35,915 th (+499.3%). The increase is reflected at the level of the subchapter Thermal energy (+RON 35,847.2 th), while Other expenditures for fuel and power increased by RON 67.7 th.
- Expenditures on ***Education*** increased by RON 16,876.2 th (+103.2%) compared to the same period of the previous year, mainly as a result of: increased payments for Secondary Education (+RON 14,456.3 th, +128.1%), those for Preschool and Primary Education (+RON 1,831.3 th, +36.7%) and Other expenses in the field of education (+RON 309.5 th).
- For the ***Transport*** chapter, there was an increase in payments by RON 6,174.2 th, (+523.1%) as compared to Q2 2021, higher payments by RON 4,641.9 th are recorded at the level of the Streets paragraph and by RON 1,532.2 th for Other expenditures for transport.
- Within the chapter ***Culture, recreation and religion*** are recorded expenses increased by RON 5,975.9 th (+54.7%). The increase in payments is mainly determined by the evolutions of the paragraphs Maintenance of public gardens, parks, green areas, sports and leisure bases (+RON 5,263.4 th, +136.2%), Sport (+RON 365.1 th) and and Public Institutions of shows and concerts (+RON 334.4 th, +11.3%);
- Payments related to the ***Public authorities and external actions*** chapter registered an increase by RON 3,742.1 th (+16%) compared to the previous reference period.
- Within the ***Health*** chapter, the payments amounted to RON 7,868.3 th, their value being by RON 3,448.9 th above the level recorded at Q2 2021 (+78%), the evolution of payments being fully noted at the level of the General hospitals paragraph.
- The ***Housing, services and public development*** chapter registered an increase by RON 3,137.5 th (+58.9%), considering that in the first six months of the current year, higher payments were recorded for Public Lighting and Electrifications (+RON 1,693 th, 56.2%) and for Other services for housing, public services and rural development (+RON 1,199.3 th, +70.7%);
- At the level of the ***Insurance and Social Assistance*** chapter, the payments made increased by RON 2,989.2 th (+10.6%), the influences coming mainly from the expenses for Social Assistance in case of invalidity (+RON 1,933.8 th, +12.2%), for Assistance for the elderly (+RON 985.1 th, +31.7%), Other expenditures in the insurance and social assistance field (+RON 941.9 th, +20.9%), while the payments made for Nurseries went down by RON 491.7 th, respectively by RON 379.8 th for the Social support paragraph;
- The group of chapters that form ***Other expenses*** marked an increase compared to the similar period of the previous year by RON 2,027.9 th (+20.5%), influenced by the payments made for: Other expenditures for public order and national security (payments made in amount of RON 532 th, but without payments recorded in the similar period of the previous year), Other general public services (+RON 466.4 th), Local Police (+RON 436.3 th, +7.2%) and Community public services for persons evidence (+RON 430.9 th, +33.7%);
- Within the ***Environment protection*** chapter, payments increased by RON 263.2 th (+1%), as a result of higher expenses by RON 5,920.1 th (+93.6%) for Sanitation, while lower exepenses were reflected for Sewage and wastewater treatment, by RON 3,245.8 th (-73%) for waste collection, treatment and destruction and for Collection, treatment and destruction of waste (-RON 2,411 th, -15%);
- Within the chapter ***Transactions regarding public debt and loans***, the payments were by RON 335.4 th above the level performed at Q2 2021 (+9.7%), considering increased expenses made for Interest on direct domestic public debt (+RON 350.7 th) and decreased Commissions and other costs related to loans (-RON 15.3 th).

Budgetary provisions

Functional classification

'000 RON

Functional expenditures rectification, as compared to the initial budget

The last budget amendment in the first half of the current year provides for an increase in payments by RON 34,801.6 th (+7%) compared to the initial budget for the reference period, respectively up to the total of RON 531,803.8 th. The rectification mainly concerned the following expenditure chapters:

- ***Fuel and power*** (+RON 30.832.2th, +78.8%, up to the value of RON 69,960.2 th) being exclusively increased the provisions related to Heating energy;
- ***Education*** (+RON 3,071.9 th, +4.5%), up to the value of RON 71,679.5 th being rectified the following subchapters: Secondary education (+RON 2,264 th); Preschool and primary education (+RON 232.7 th) and Post-secondary education (+RON 25 th);
- ***Public authorities and external actions*** (+RON 798.5 th, +2%) up to a total allocations of RON 40,771.4 th;
- ***Culture, recreation and religion*** (+0.3%, up to the value of RON 37,704.4 th), being increased only the provisions related to Public institutions for shows and concerts (+RON 98.9 th, +1.8%);

The final provisions for the entire 2022 year, approved through LCD no. 253 from 20.06.2022 augmented the initial expenditures estimations by RON 33,180.7 th (+7.4%), exclusively at the level of the following chapters:

- ***Fuel and power***, chapter for which were provisioned total payments in 2022 amounting to RON 81,591.9 th as compared to the initial allotments in amount of RON 50,759.7 th (+60.7%).
- ***Education***, with total provisions for expenditures of RON 114,685.1 th, by RON 1,550 th (+1.4%) above the initial level.
- ***Public authorities and external actions***, with final provisions in amount of RON 67,257.4 th, their value being by RON 798.5 th above the intial allocations.

For 2022, the **Investment expenditures** included in the Investments list related to the final budget are in amount of RON 353.823,5 th (of which RON 304,302.1 th from the local budget and RON 49,521.4 th from internal and external loans), being by RON 2.348,3 th above the initial amounts (+0.8%). The sums are distributed at the chapter level and by investment objectives as follows:

- ***Public authorities and external actions***, with final provisions related to investment expenses increased from RON 7,530.9 th to RON 8,329.2 th, with financing from the local budget, non-reimbursable external funds and surplus, entirely for Other investment expenses.
- ***Education***, total allocations through the initial budget in the amount of RON 40,562.9 th, their value being increased by revision to RON 42,112.9 th, having as sources the local budget, FEN and surplus, as follows:
  - on-going works (RON 16,461.3 th): of which RON 12,604.5 th from non-refundable funding for Modernization and rehabilitation of the Nicolae Vasilescu Karpen Technical College of Communications (RON 6,900 th) and Modernization and rehabilitation of the Grigore Antipa College (RON 5,704.5 th);
  - new works (RON 2,775 th) - Construction of CDI building (documentation and information center) and school offices - N. V. Karpen College (RON 1,200 th from the surplus);
  - other investment expenses (RON 22,876.6 th) for: "Digital education in pre-university education in the Municipality of Bacau - Mobile IT equipment and other electronic equipment/devices intended to facilitate the development of didactic activities in the online environment - procurement consulting service, Operational Competitiveness Program" (RON 18,597.2 th from programs with non-reimbursable financing);
- ***Health*** - total allocations of RON 37,753.6 th, having as sources the local budget, non-refundable external financing, internal credits, transfers from other authorities, transfers to other subordinate institutions and surplus, as follows:
  - on-going works (RON 30,571.2 th): out of of which RON 22,324.3 th RON for the Construction of the Bacau Municipal Hospital (RON 9,702.4 th from the local budget and surplus, RON 7,600 th from other transfers from other authorities and RON 5,021.9 th from internal loans) and RON 7,354 th from non-refundable financing for the Modernization, equipping and expansion of the bodies of the Bacau Pneumophysiology Hospital Outpatient Department;
  - other investment expenses (RON 6,782 th);
- ***Culture, recreation and religion*** - total allocations in the amount of RON 26,145.3 th, distributed as follows:
  - on-going works (RON 13,745.5 th) - Creation of a support infrastructure for business incubation "Hub for young people"-Cinema Orizont (RON 9,604.5 th from non-refundable external financing), Rehabilitation and modernization of "Insula de Agrement" (RON 3,885 th from internal loans and local budget);
  - other investment expenses (RON 12,399.8 th);
- ***Environment protection*** - the investment expenses were forecasted at the value of RON 22,485.1 th in the initial and the revised budget, having as sources the local budget, transfers to other subordinate institutions and surplus, as follows:
  - on-going works (RON 11,184.8 th) – Consolidation/arrangement and making safe the protection zone of the Valea Uzului Bacau pipeline, Masolea area, Ardeoani commune (RON 4,804.5 th); 6 KV electric power generator group for the reserve supply of the Moinesti Pumping Station (RON 2,594 th), Social housing on Izvoare str. - water networks, sewerage and road access restoration (RON 1,159 th), Closure of cell 1-Waste deposit (RON 1,020 th);
  - other investment expenses (RON 10,300.4 th), of which RON 6,062 th for Sanitation;
- ***Housing, services and public development*** - total allocations of RON 45,408.7 th, having as sources the local budget, external loans and surplus, as follows:
  - on-going works (RON 41,937.6 th): Modernization of a large part of the public street lighting system (RON 40,754.6 th from external loans and RON 1,178 th from the local budget);
  - new works (RON 1,305.3 th);
  - other investment expenses (RON 2,165.9 th);
- ***Fuel and power*** - total allocations both through the initial and the final budget of RON 3,527.9 th, having as sources the local budget, FEN, transfers to other subordinate institutions and surplus, as follows:
  - on-going works (RON 1,153 th) - Development of the thermal energy market - stage II - Connection to SACET of the Bacau County Hospital (RON 530 th from the local budget), CLU Farm in CET 1 Bacau Chimiei and Gasoline and Wastewater Treatment Farm in CET 2 Letea Bacau, POS application (RON 363 th from non-refundable external financing);
  - other investment expenses (RON 2,239.9 th);
- ***Transport*** - chapter that totaled investment expenses, through the initial budget, in the amount of RON 159,976.8 th, their value being maintained in the last rectification related to S1 2022, having as sources the local budget, FEN and surplus, as follows:
  - on-going works (RON 147,540 th), of which RON 128,620.5 th from non-refundable external financing: Traffic management system for prioritizing local public transport corridors and bicycle trips (RON 34,036 th), construction of a corridor for non-motorized trips Cancicov Park-Stadium-Swimming Pool-Vasile Alecsandri University (RON 23,301.5 th); construction of a corridor for non-motorized trips Centru-Serbanesti, POR application (RON 18,010.9 th); building a route for non-motorized travel in the South area (RON 17,817.6 th); (re)development of Prietenia street in the Miorita neighborhood on the model of the residential area (RON 9,154.8 th); modernization of public transport stations (RON 8,793.8 th); building a corridor for unmonitored movement Center - Bacau Station - CFR Neighborhood - CAEX Polyvalent Hall/Industrial Park (CFR) (RON 8,787.9 th);
  - new works (RON 250 th);
  - other investment expenses (RON 12,186.9 th).

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

The payments made in the first six months amounted to RON 218,091.3 th, respectively by RON 313,712.6 th below the level of the final budget provisions (recording an execution rate of 41%).

- Within the ***Transport*** chapter, expenses were made that represented 6.2% of the total final provisions related to the chapter (-RON 111,293.6 th). For the Streets paragraph, the payments were by RON 108,550.4 th below the provisions (-95.2%), and for Other expenditures for transport they were by RON 2,743.2 th below the ceiling (-58.7%).
- ***Education***, chapter that recorded a degree of achievement of 46.4% (-RON 38,443 th), as a result of reduced payments for: Secondary education (-RON 31,955.8 th, -55.4%), Preschool and primary education (-RON 5,634.1 th, -45.2%) and Other expenditures for education (-RON 470.5 th).
- The payments made within the ***Environment protection*** chapter mark a degree of execution from the final provisions of 42.1% (-RON 37,237.7 th). Thus, it is noted the execution under the provisions at the level of expenses for Canalization and treatment of wastewater (-RON 14,451.3 th), Sanitation (-RON 13,691.5 th) and for Collection, treatment and destruction of waste (-RON 9,095 th).
- Within the ***Fuel and power*** chapter, the payments made at Q2 2022 marked a degree of achievement of 61.6% of the total final provisions (-RON 26,851.8 th). The dynamics are reflected at the level of expenditures incurred for Thermal Energy, below the ceiling by RON 23,641.6 th (-35.6%) and for Other expenditures for fuel and power (-RON 3,210.3 th).
- ***Health***, payments under the final budget by RON 25,375 th, execution rate of 23,7%. For General hospitals, lower expenses were made by RON 21,746 th and for Other sanitary establishments and actions, no payments were made, although they were provided in the definite budget at the value of RON 3,629 th.
- ***Culture, recreation and religion***, a chapter that recorded a degree of execution of 44.8% of the final provisions, with lower payments by RON 20,804.3 th. Thus, for the Maintenance of public gardens, parks, green areas, sports and leisure bases, payments were made representing 35.2% of the rectified estimates (-RON 16,807.9 th), and for Public institutions for shows and concerts the payments were lower by RON 2,362.3 th (-41.8%).
- ***Insurance and social assistance***, chapter that records payments below the ceiling by RON 17,100.2 th and an execution rate of 64.6%. For Nurseries the expenses were performed by RON 6,122.5 th below the ceiling (-73.6%), for Other expenditures in the insurance and social assistance field were executed by RON 5,379.9 th below the final allotments (achievement degree of 50.3%) and for Social assistance for the disabled, lower payments were executed by RON 3,862.6 th (execution rate of 82.1%).
- ***Housing, services and public development***, chapter that recorded a degree of achievement of 34.7% of the final provisions (-RON 15,933 th). Payments below the ceiling can be found for Other services for housing, public services and rural development (-RON 8,154 th), for Public lighting and rural electrification (-RON 6,045.1 th) and Other expenditures in the housing system (-RON 1,733.9 th).
- For the chapter ***Public authorities and external actions***, payments were made that marked a degree of achievement of 66.6% of the final ceiling (-RON 13,635.7 th).
- The group of chapters ***Other expenses*** marked an execution degree of 64.6%, the payments being by RON 6,542.6 th below the revised ceiling. For Other general public services, the payments made were by RON 2,935 th under the final provisions (degree of execution of 49.5%), followed by payments for Civil protection and fire protection (nonmilitary civil protection) (-RON 2,226.6 th, -52.6%) and those for Local Police by 16.9% below the ceiling (-RON 1,321.1 th).
- The ***Transactions regarding the public debt and loans*** chapter recorded a performance degree of 88.4%, being by RON 495.6 th under the final provisions.

Table of contents Part III

Section III: Budgetary expenditures (economic classification)

- The variation of the performed expenditures at Q2 2022 vs. Q2 2021
- Budgetary provisions: the achievement degree of the expenditures at Q2 2022
- Expenditures ratios

The variation of the performed expenditures at Q2 2022 vs. Q2 2021

Economic classification

'000 RON

Economic expenditures variation

Structure of expenditures

- ***The Operating expenditures*** registered a level by RON 71,884.7 th (+63.5%) above the one recorded in the similar period of the previous year, as a result of:
  - Registration at Q2 2022 of *Subsidies for the compensation of not foreseen increases of fuel prices* in the amount of RON 25,325.9 th and *Other subsidies* worth RON 15,521.3 th (no sums being executed for both expenditures lines at Q2 2021), and reduction by RON 5,000 th of *Subsidies for covering the differences on prices and tariffs;*
  - A higher level of payments for *Goods and services* (without Commissions and other costs related to loans) by RON 25,955.1 th (+58.6%). The evolution is highlighted mainly at the level of payments for Other materials and services for maintenance and functioning (+RON 11,646.2 th, +73.4%), for Heating, lighting and driving force (+RON 9,680 th, +65.2%), Current repairs (+RON 3,502.8 th, +294.6%);
  - The increase of *Staff costs* by RON 2,528.8 th (+7.5%), especially at the level of Base salaries (+RON 1,606.7 th, +5.5%), followed by the execution of expenditures for Payments in nature, respectively Holiday vouchers in amount of RON 1,253.4 th (without such payments recorded at Q2 2021);
  - Increase of payments regarding the *Social assistance* by RON 700.4 th (+6.6%), considering higher payments made for Social assistance in cash (+RON 1,151 th, +13.5%), but lower expenses by RON 450.5 th for Gift tickets granted for social expenditures (-21.4%);
  - Reduction of *Other current internal transfers* by RON 1,610.3 th (-73.8%).
- ***The Investment expenditures*** register a value by RON 8,655.3 th (+125.2%) higher than the execution of the previous reference period. Thus, these payments are mainly represented by:
  - *Capital expenditures* (+RON 5,764.8 th, +120.4%), with influences from payments for Machines, equipment and means of conveyance amounting to RON 2,764.3 th (without such expenses recorded at Q2 2021), followed by higher payments for Other fixed assets, including capital repairs (+RON 2,432.5 th).
  - *Projects financed from non-reimbursable external funds* (+RON 3,210.5 th, +152.3%), with influences from payments related to the 2014-2020 financial framework (+RON 3,203.9 th) and projects financed from non-reimbursable external funds (FEN) post-accession (+6.6 th).
  - *Investments of the economic agents with state capital* that decreased by RON 386.6 th (-61.3%) compared to the similar period of the previous year;
  - *Capital transfers* in total amount of RON 65.4 th at Q2 2022, down by RON 80.6 th compared to the payments made at Q2 2021, in full for Transfers for capital repairs in hospitals.
- ***Financial expenditures*** increased by RON 335.4 th (+2%) compared to Q2 2021 considering higher payments made for *Interest* by RON 350.7 th (+10.7%) and lower expenses related to *Commissions and other costs for debts* (- RON 15.3 th).

Budgetary provisions

Economic classification

'000 RON

Economic expenditures rectification, compared to initial budget

The last budget amendment for the first half of 2022 brought the following changes within the economic classification of expenditures:

- ***The Operational expenditures*** were foreseen in the amount of RON 303,331.7 th, being by RON 32,354.3 th above the level included in the initial budget (+11.9%), based on the following aspects:
  - The increase of the provisions for Subsidies up to the value of RON 62,847.2 th (+RON 30,832.2 th, +96.3%) highlighted at the level of Other Subsidies by RON 15,521.4 th (+129.3%) and Subsidies for the compensation of not foreseen increases of fuel prices by RON 15,310.9 th (+152.9%);
  - The increase of the provisions related to the expenditures on Goods and Services up to the value of RON 139,672 th (+RON 2,979.8 th, +2.2%), mainly by increasing the allocations for Heating, lighting and driving force (+RON 2,689.5 th, +9.8%), for Other expenditures on goods and services (+RON 1,664.2 th, +33.7%), for Other registered materials (+RON 553 th, +32.4%), for Other materials and services for maintenance and functioning (-RON 1,966.3 th, -3.6%);
  - Exclusion from the amended budget of the Budget Reserve Fund at the disposal of local authorities in amount of RON 500 th in the initial budget.
- ***The Investment expenditures*** were foreseen at a level of RON 208,898.2 th, being by RON 2,447.3 th (+1.2%) above the level initially budgeted, as a result of:
  - Projects financing from non-refundable external funds, related to the 2014 - 2020 financial framework with higher final provisions by RON 3,125.4 th (+3.2%) above the initial ceilling, through the Programs from the European Regional Development Fund with higher provisions by RON 2,327 th, respectively Programs from the European Social Fund (+RON 798.3 th);
  - Including provisions, in the final budget, for Projects with financing from the amounts representing the non-reimbursable financial assistance related to PNRR in amount of RON 1,550 th (without provisions in the initial budget);
  - Capital transfers in the amount of RON 2,446.8 th in the amended budget, by RON 278.9 th (+12.9%) above the initial provisions. The increase was reflected for Transfers for capital repairs in hospitals (+RON 180 th, +9.9%) and Other capital transfers to the public institutions (+RON 98.9 th, +28.3%);
  - Investments of economic agents with state capital for which final provisions were included by RON 91 th above the planned level (+0.8%);
  - The Capital expenditures rectified in the sense of decreasing by RON 2,598 th (-2.7%), taking into account the decrease of the provisions for Other fixed assets, including capital repairs (-RON 2,482.3 th, -6.4%).
- ***The Financial expenditures*** included in the final budget have not been modified, being at the level of RON 19,574 th.

Budgetary provisions

Economic classification

'000 RON

Regarding the final provisions for the entire 2022 as compared to the initial ones, their value has been increased by RON 33,180.7 th (+4.4) up to total estimations of RON 786,821.7 th, as follows:

- The **Operational expenditures** were estimated at RON 444,759.6 th, by RON 30,832.4 th above the initial allotments (+7.4%), by including higher provisions for Subsidies (+RON 30,832.2 th), Goods and services (+RON 1,457.9 th), Other internal current transfers (+RON 205.3 th), Other expenditures (+RON 47.3 th) and the lack of final provisions for Emergency fund for local authorities (amounting to RON 500 in the initial budget). At the same time, were included in the final budget Payments made in the previous years and recovered in the current year within the operating section of the local budget in amount of -RON 1,210.6 th.
- The **Investment expenditures** included in the final budget in amount of RON 304,302.1 th being by RON 2,348.3 th above the initial ceiling, considering that were reflected higher estimations by RON 3,125.4 th for Projects financing from non-refundable external funds, related to the 2014 - 2020 financial framework, were included provisions in amount of RON 1,550 th for Projects with financing from the amounts representing the non-reimbursable financial assistance related to PNRR and were decreased the estimations related to the Capital expenditures by RON 2,598 th.
- The **Financial expenditures** remained at the same value in the revised budget, respectively at RON 37,760 th.

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

- **Investment expenditures** reached a level of payments by RON 193,313.8 th (execution degree of 7.5%) below planning and are distributed as follows:
  - Projects financed from non-reimbursable external funds registered payments by RON 95,888.2 th (performance degree of 5.3%) below the level of estimates, the influences being observed at the level of the financial framework 2014-2020 (-RON 95,523.3 th, -95.2%);
  - The capital expenditures are by RON 81,493.6 th (degree of achievement of 11.5%) below the estimated level, the main variation coming from the payments for Constructions (-RON 42,174.5 th, -89%), those for Other fixed assets, including capital repairs (-RON 33,778.2 th) and for Machines, equipment and means of transport, provided in the final budget in the amount of RON 8,058.6 th, but executed in degree of 34.3%;
  - Investments of economic agents with state capital were by RON 11,405.1 th below the forecasted level (execution rate of 2.1%);
  - Capital transfers marked an execution rate of 2.7% of the total estimated through the amended budget (-RON 2,381.4 th), mainly at the level of Transfers for capital repairs in hospitals;
  - The lack of payments aimed for Projects with financing from the amounts representing the non-reimbursable financial assistance related to PNRR, included in the final budget in amount of RON 1,550 th;
- **Operational expenditures** registered a level by RON 118,234.4 th under the provisions, with an execution degree of 61%. Lower expenses than the provisions are reflected in the titles:
  - Goods and services (without Commissions and other costs related to loans), the expenses being by RON 69,037.7 th below the estimated level. The dynamics are mainly reflected in the payments for Other goods and services for maintenance and functioning (-RON 25,888.1 th, -48.5%), Current repairs (-RON 19,712.3 th, -80.8%), Heating, lighting and driving force (-RON 5,571.5 th, -18.5%), Consultancy and expertise (-RON 3,333.4 th, -82.8%), Other expenditures on goods and services (-RON 2,914.1 th, -44.1%);
  - Subsidies, with an execution degree of 65% compared to the final budget (-RON 22,000 th), due to Other subsidies (-RON 12,000 th, -43.6%) and Subsidies for covering the differences on prices and tariffs (estimated at the value of RON 10,000 th in the amended budget, without any payments executed);
  - Staff costs, which recorded payments by RON 12,862.9 th (achievement degree of 73.8%) below estimates, dynamics being mainly determined by Base salaries (-RON 9,248.4 th RON, -23.1%), Allowances for food (-RON 1,133.8 th, -35.2%), Holiday vouchers (-RON 956.3 th, -43.3%), Payments in nature (-RON 956.3 th, -43.3%), Other remuneration rights paid in cash (-RON 585.3 th, -42.2%) and Contributions (-RON 514 th);

- Social assistance, the registered payments being by RON 3,937.2 th (execution degree of 74.2%) below the budgeted level, mainly due to the payments for Social support in cash (-RON 3,349.2 th, -25.8%) as well as the lack of payments executed for Social support in kind (included in the final budget in amount of RON 500 th);
- Other expenditures, with payments under the final budget for Scholarships (-RON 1,553.7 th, -17.1%) and for Associations and foundations (-RON 1,055.4 th, -82.6%);
- Current transfers were made at a rate of 82.9% of the total forecast, respectively by RON 3,678 th below the final provisions, due to Transfers to public institutions (-RON 2,930.7 th, -17.5%) and Health actions (-RON 747.3 th, -15.8%).

- **Financial expenditures** are by RON 2,164.4 th (achievement degree of 88.9%) below the estimated level, the influences coming from the payments for Reimbursement of loans (-RON 1,668.9 th, -10.9%), Commissions and other costs for debts (-RON 464.5 th, -75.8%) and Interests (-RON 31 th, -0.8%).

Expenditures ratios

at Q2 2022, as compared to Q2 2021

'000 RON

Ratios	Q2 2022	Q2 2021
Total staff costs	**36,243.2**	**33,714.4**
Expenditures per Capita	185.2 RON	170.9 RON
The expenditure weight in the operational expenditures	19.6%	29.8%
Staff costs for insurance and social assistance	**16,422.1**	**15,365.2**
Expenditures per Capita	83.9 RON	77.9 RON
The expenditure weight in the operational expenditures	8.9%	13.6%
Current compulsory expenditures	**47,545.3**	**49,316.1**
Expenditures per Capita	243.0 RON	250.1 RON
The expenditure weight in the operational expenditures	25.7%	43.6%
Operational expenditures	**185,097.3**	**113,212.6**
Expenditures per Capita	945.9 RON	574.0 RON
The expenditure weight in the total expenditures	84.9%	82.5%
Expenditures on debt service financing	**17,409.6**	**17,074.2**
Expenditures per Capita	89.0 RON	86.6 RON
The expenditure weight in the total expenditures	8.0%	12.4%
Total investment expenditures	**15,584.4**	**6,919.1**
Expenditures per Capita	79.6 RON	35.1 RON
The expenditure weight in the total expenditures	7.1%	5.0%
The expenditures' rigidity	16.6%	24.6%
The weight of the payments from the operating section in the total payments	92.9%	95.0%
The weight of the payments from the development section in the total payments	7.1%	5.0%
The deficit/surplus of the operating section	64,147.6	18,456.0
The deficit/surplus of the development section	2,753.6	281.3
The weight of the local public debt service in the total made payments	8.0%	12.4%
Maximum annual debt	**80,306.8**	**69,798.0**
Net direct debt	**42,053.4**	**36,068.8**
Direct indebtedness level	14.3%	14.5%
Net public debt	**33,255.3**	**27,285.9**
Public indebtedness level	17.6%	18.3%
The total expenditures achievement degree from the initial budget	43.9%	54.2%
The achievement degree from the initial budget of the:		
Operational expenditures	68.3%	71.0%
Staff costs	73.8%	79.1%
Current compulsory expenditures	64.0%	82.8%
Expenditures on debt service financing	88.9%	96.5%
Investment expenditures	7.5%	9.1%
The funds absorption level of the total expenditures	**76.5%**	**88.0%**
Investment expenditures / Operational revenues	3.8%	3.2%
Capita,	**195,687**	**197,222**
as of:	01.01.2021	01.01.2020

- ***The Total staff costs*** incurred at Q2 2022 registered an increase by RON 2,528.8 th (+7.5%), compared to the previous period, the dynamics being impacted by the upward trend of the Base salaries (+RON 1,606.7 th, +5.5%) and the execution of Payments in kind in amount of RON 1,253.4 th (without such payments incurred at Q2 2021).
- ***The Current compulsory expenditures*** decreased by RON 1,770.8 th (-3.6%) compared to the level reached at Q2 2021, as a result of:
  - Decrease in the value of Subsidies for covering the differences on prices and tariffs (-RON 5,000 th);
  - A higher level of payments for Social assistance (+RON 700.4 th, +6.6%);
  - Increase of the expenditures related to Staff costs.
- ***The operational expenditures*** incurred register a level of RON 71,884.7 th (+63.5%) above the execution recorded at H1 2021, the evolution being determined by:
  - Increased value of Subsidies by RON 35,847.2 th;
  - A higher level of payments for Goods and services (without Commissions and other costs related to loans) by RON 25,955.1 th (+58.6%);
  - Increase of payments regarding Social assistance and Total Staff costs;
  - A higher level of payments for Current transfers (+RON 1,137.1 th, +6.8%), but lower for Other current internal transfers (-RON 1,610.3 th);
- ***The Expenditures on debt service financing*** were by RON 335.4 th (+2%) higher, compared to the previous reference level, given the increase in payments for Interest (+RON 350.7 th) and the decrease of the ones performed for Commissions and other costs for debts (-RON 15.3 th).
- ***The Total investment expenditures*** made during the first six months of the current year went up by RON 8,665.3 th (+125.2%) and are mainly represented by Capital expenditures (+RON 5,764.8 th, +120.4%), Projects financed from non-reimbursable external funds related to the financial framework 2014-2020 (+RON 3,203.9 th), Investments of economic agents with state capital (-RON 386.6 th, -61.3%) and Capital Transfers (-RON 80.6 th, -55.2%).

Table of contents Part IV

Section IV

- Balance Sheet
- Local Public Debt Service

Balance Sheet
at 30.06.2022

'000 RON

Balance Sheet	30.06.2021	31.12.2021	30.06.2022
Current assets	***317,914.9***	***459,022.3***	***422,207.6***
Cash and cash equivalent	59,140.9	83,441.9	142,306.4
Inventories	48,788.0	53,915.6	58,141.9
Receivables	209,964.6	321,627.1	221,691.7
Short term investments	-	-	-
Other current assets	21.5	37.7	67.6
Fixed assets	***3,462,230.6***	***3,491,995.4***	***3,542,087.6***
Intangible assets	1,161.9	1,378.2	2,978.6
Tangible assets	3,382,285.1	3,440,459.5	3,502,658.3
Other fixed assets	78,783.6	50,157.6	36,450.8
Total assets	3,780,145.5	3,951,017.6	3,964,295.2
Current liabilities	***46,626.5***	***153,295.5***	***46,490.7***
Debts to banks	940.3	-	5,882.7
Accounts payable	16,151.4	124,800.1	14,737.4
Short term provisions	403.6	394.9	364.4
Other short term debts	29,131.2	28,100.4	25,506.3
Long term debts	***166,027.4***	***152,440.1***	***138,799.6***
Long term loans	165,801.6	152,170.5	138,539.3
Other long term debts	225.8	158.4	160.6
Provisions	-	111.2	99.6
Equity and reserves	***3,567,491.7***	***3,645,282.1***	***3,779,004.9***
Total liabilities	3,780,145.5	3,951,017.6	3,964,295.2
Current liquidity ratio (Current assets / Current liabilities)	6.8	3.0	9.1
Indebtedness level (Borrowed capital / Total liabilities)	4.4	3.9	3.5

- Total assets went up by RON 13,277.5 th (+0.3%) compared to the level recorded at the end of 2021, as a result of a decrease in Current Assets (-RON 36,814.7 th, -8%), while Fixed Assets increased by RON 50,092.2 th (+1.4%).
- The decrease in Current assets was mainly determined by a lower level of Receivables (-RON 99,935.4 th, -31.1%). In contrast, Cash and cash equivalents increased by RON 58,864.5 th (+70.5%).
- The increase of Fixed assets is mainly generated by a higher level of Tangible assets (+RON 62,198.7 th), corroborated with a lower outstanding by RON 13,706.8 th of Other fixed assets.
- The balance Current liabilities went down by RON 106,804.8 th (-69.7%), with influences especially at the level of Commercial Debts (-RON 110,062.8 th, -88.2%), in conjunction with the registration of a balance of RON 5,882.7 th at the level of Debts to banks in the first half of the year.
- The Equity registered an increase by RON 133,722.8 th (+3.7%).
- Long-term debts are decreasing at the end of the reporting period (-RON 13,640.5 th, -8.9%), mostly by reducing the outstanding for Long term loans (-RON 13,631.1 th).
- The current liquidity ratio reached 9.1 at the end of the first half of 2022, compared to 3 at the end of 2021, as a result of a decrease in Current liabilities (-69.7%), in conjunction with the decrease of Current assets (-8%).

Local Public Debt Service

at 30.06.2022

'000 RON

Debt and liquidity	30.06.2022	Payout	30.06.2022
New credit withdrawals in the period	-	Payout 2Y - 2 years	96,231.3
Direct debt service	17,408.2	Payout 5Y - 5 years	209,626.2
Direct indebtedness rate	6.5%	Payout 10Y - 10 years	250,423.6
Public debt service	21,844.3	Final maturity (2033)	257,437.6
Public indebtedness rate	8.2%		
Public Debt Service as % of Operational Revenues	7.9%	Total revenues per capita	1,456.4 RON
Public Debt Service as % of Operational Expenditures	11.8%	Own revenues per capita	967.4 RON
Long term debt % Own Funds	3.7%	Public Debt Service per capita	111.6 RON
Long term debt / Own Revenues (1.x)	0.7	Long-term loans per capita	708.0 RON

	2021 [1]	2022 [2]	2023 [3]	2024 [3]	2025 [3]
Total revenues	460,426.4	725,043.0	732,293.4	739,616.3	747,012.5
Own revenues [4]	298,588.9	400,507.4	404,512.5	408,557.6	412,643.2
Indebtedness capacity	69,798.0	80,306.8	96,550.2	110,360.9	121,357.8
Public debt service [5]	42,706.2	47,063.3	48,905.0	43,715.6	41,619.7

1) Revenues collected as of 31.12.2021

2) Revenues rectified in the budget for 2022

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

4) 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 reinbursements)

5) TUD estimated values for the period of 2022 - 2025, based on the ongoing credit contracts provisions, money market conditions and legal regulations as of 30.06.2022

Indebtedness level forecasted for the period of 2022 - 2033

- The indebtedness level was forecasted considering the provisions of the ongoing credit contracts, the money market conditions as of 30.06.2022, the estimated withdraws from the signed financing contracts and the growth rate of own revenues of 1%;
- According to the UGO nr. 46 on 05/23/2007, to complete art. 63 of the Law no. 273/2006 regarding the local public finances,"the loans contracted and/or guaranteed by the territorial-administrative units for providing the pre-financing and/or co-financing of the projects that benefit of the external non-reimbursable funds of pre and post-accession, from the European Union, are excepted from the paragraph (4) provisions" - respectively the framing in the maximum indebtedness limit;
- The maximum indebtedness limit represents 30% of the arithmetic mean of the own revenues for the last three years prior to current period.

Glosarry 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 buget, 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. 273/2006 regarding the local public finance, including subsequent amendments and additions, out of which are sustracted 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 between Capital revenues (00.15), Capital Subsidies received from the State Budget (00.19), Sums received from the EU for the payments performed 2007 - 2013 (45.02) and 2014 - 2020 (48.02), Tax for the thermal rehabilitation (36.02.23), Contribution of the Owners' Association for the thermal rehabilitation works (36.02.31) and Sums related to the budgetary financing of the previous years, from 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);
Total payments made	Total expenditures incurred without considering the result of the period;
Taxes supporting the debt	City taxes collected as follows: 01.02.01+03.02.18+04.02.01+05.02.50+06.02.02+07.02+12.02+15.02+16.02+18.02+33.02.24+34.02+35.02;
Financial Expenditures	The sum between the Interests (30), Reimbursement of loans (81) and Commissions and other costs related to loans (20.24);
Returned funds from previous years	In accordance to the Ministry of Finance order no. 231646/06.09.2009 previous years payments returned during the current year are reported negatively for 85.01 and are not used for 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	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 00.18) % 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 municipality;
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 repyaments, 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, according to the contractual conditions for the credit facilities and the evolution of ROBID, ROBOR, EURIBOR at 30.06.2022;
Current financial debt	Total drawdowns related to the credit facilities for the analised period;
Per Capita	For a person that is resident of the municipality; Resident inhabitans as of 1st of January 2021/1st of January 2020;

Disclaimer

© TUD 2022. This is a public report. This report may be reproduced or transmitted in any form or by any means, or stored in any retrieval system of any nature without the prior written permission of TUD or Bacau Municipality.

However, the format and the structure of this report represent intellectual property rights of TUD and cannot be multiplied, copied or used for commercial purposes or in any other purposes, different than the one mentioned.

TUD shall not in any circumstances be under any liability whatsoever to any other person for any loss or damage arising in any way as a result of reliance on this publication.

TUD warrants that reasonable skill and care has been used in preparing this report. Notwithstanding this warranty TUD shall not be under liability for any loss of profit, business, revenues or any special indirect or consequential damage of any nature whatsoever or loss of anticipated saving or for any increased costs sustained by the client or his or her servants or agents arising in any way whether directly or indirectly as a result of reliance on this publication or of any error or defect in this publication.

TUD makes no warranty, either express or implied, as to the accuracy of any data used by TUD in preparing this report nor as to any projections contained in this report which are necessarily of a subjective nature and subject to uncertainty and which constitute only TUD's opinion as to likely future trends or events based on information known to TUD at the date of this publication.

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

The financial documents which were used in preparing this report are: execution accounts for 30.06.2022 and for 30.06.2021, Initial budget for 2022 approved by LCD No. 43 from 07.02.2022, Initial budget for 2021 approved by LCD no. 111 from 20.04.2021, final provisions for 2022 approved by LCD no. 253 from 20.06.2022, including the related investment lists.

This report is made available to you subject to TUD's conditions of supply to which your attention is hereby drawn.The use, in any form, of the information contained in this publication falls within the scope of these terms, brought to your attention herein. The user, by taking over, publishing or using the information from this publication in any other form, assumes the acknowledgement of these terms, as well as the compliance to the them.