THEORETICAL AND PRACTICAL ASPECTS REGARDING THE EXECUTION OF LOCAL BUDGETS

Lecturer Ph.D. CHIRCULESCU MARIA FELICIA
University "Constantin Brâncuşi" Targu Jiu
chirculescu_felicia@yahoo.com

Abstract
The economic and civic development of local communities is based, first of all, on the local public finance system, which must meet certain conditions so that the management of the territorial administrative units and the functioning of the local authorities meet the standards of a quasi-society. This paper is topical as the issue of local public finances is at the center of the current political debate as all the member states of the Council of Europe are confronted with the issue of harmonizing two diverging trends, namely: controlling and reducing spending and giving as much as possible large autonomies of local communities. The main objective of the paper is to identify solutions to ensure a more balanced allocation of financial resources between different levels of administrative organization, taking into account the budgetary regulation that is imposed at all levels of public administration. The data processing provided by the Ministry of Public Finance and the Court of Accounts highlighted the degree of dependence of local budgets of communes, cities, municipalities and counties on the consolidated general budget in the context of a decentralized process that is desirable to be as efficient as possible.

Keywords: *local budgets, local budget revenues, local budget expenditures*

JEL classification: *H71, H72*

1. Introduction

The local budgets are from a scripted point of view the documents in the local budgets of the communes, municipalities and counties on the local administration of the needs of these communities are recorded. The functioning of local budgets as instruments for the financial management of public funds within the budgetary system is a result of the need for decentralization and investment with local and local administrative autonomy as a result of relieving the tasks of central authorities, a simplification of the administrative apparatus, on the one hand, and, on the other, the fact that the local authorities know the specificity of each community and the needs to be managed.

In another vision, local budgets are considered to be "the main instrument of local public administration authorities to select funding priorities from local economic and social development strategies" [1].

The connection between the state budget and the local budgets in the budgetary system is ensured through the organization of a system of administrative interrelations, currently regulated by the local public finance law [7], with subsequent amendments and completions. The establishment of budgetary relations can not be considered as a positive or negative approach, but mainly the way of their management and their contribution to the achievement of the expected effects on the optimal meeting of the needs of the needs of the local, local and the budget year at the level of each budget component and the overall budgetary system.

In the theory of public finances, local budgets are characterized by assimilation with the concepts of the state budget, firstly pointing to the hypothesis of an act in which the incomes and expenditures of local communities are recorded for a period of one year [4].

Local public finances represent all the money resources that finance local government expenditures. The local public finance system comprises the budgets of the administrative-territorial units, which represent the largest share in total and the budgets of other public authorities with financial autonomy.

The role of local public finances has been steadily increasing, with the multiplication of needs in the territory, as well as the economic and social development and the increase in the attributions of the local authorities.

Regarding the competences and responsibilities of the local public administration authorities in terms of local public finances, according to the Local Public Finance Act [7], these include:

- drafting and approving the local budgets, in budgetary balance terms, at the deadlines and according to the legal provisions;
- establishing, finding, controlling, tracking and collecting local taxes and fees, as well as any other income of the administrative-territorial units, through their own specialized departments, according to the law;
- tracking and reporting the execution of local budgets, as well as their rectification, during the budget year, under budget balance conditions;
- establishing and following up the way of performing activities in the field of public services of local interest, including the option whether or not to pass these services under the responsibility of specialized economic operators or public services of local interest, aiming to make them more efficient for the benefit of local communities;
- efficient administration of the assets of the public and private property of the administrative-territorial units;
- direct contracting of internal and external loans, on short, medium and long term, and pursuing payment on maturity of the payment obligations resulting from them;
- guaranteeing internal and external borrowings in the short, medium and long term, and tracking the due payment of the payment obligations resulting from the loans to the beneficiaries.

2. Local budgets of communes, towns, municipalities and counties. Income and expenditure of local budgets

Income and expenditures of local budgets (of communes, cities, municipalities, sectors, Bucharest, counties and Bucharest), budgets of public institutions financed entirely or partly from local budgets, as the case may be, of publicly funded budgets of their own incomes, the budget of external loans and domestic and government-guaranteed loans, external and / or domestic borrowings contracted or guaranteed by local public administration authorities, the budget of non-reimbursable foreign funds, as well as other incomes and expenditures evidenced outside the local budget, accumulated at the level of the administrative unit -territorial, make up the general budget of the administrative-territorial units which, after consolidation, by eliminating the transfers between the budgets, will reflect the size of the public financial effort in the administrative-territorial unit for that year, steady state or imbalance, as appropriate.

Approved budget credits are used to finance local government, programs, projects, activities, actions, objectives, and the like, for the purposes set out in laws and other regulations, and will be employed and used in strict correlation with the projected revenue streams , for which reimbursement, payment of interest, commissions, charges and other costs is ensured from local budgets.

Income and expenditure of local budgets are grouped on the basis of the budgetary classification approved by the Ministry of Public Finance.

Income and expenditure of local budgets

The own revenues of the local budgets and of the public institutions subordinated to them include the local taxes and fees, the amounts collected from the sale or concession of goods belonging to the public or private domain of the local public authorities, public funds resulting from the economic actions of the public services of local interest. The local taxes and fees are approved by the local councils, the county councils and the General Council of the Municipality of Bucharest within the limits and according to the law.

Regarding the amounts collected from the sale as such or from the capitalization of materials resulting from the demolition, dismantling or dismantling of fixed assets or from the sale of tangible assets belonging to public institutions, finalized entirely from local budgets, they constitute local budget revenues and are paid to them.

Amounts earned from the concession or rental of goods belonging to the public or private domain of the units of the administrative-territorial units are income of the local budgets.

The amounts collected from the capitalization of the confiscated property are paid to the local budget, depending on the subordination of the institutions that ordered their confiscation, according to the law.

The amounts collected from the sale of goods belonging to the private domain of the administrative-territorial units constitute income of the local budgets.

With regard to local budget expenditures, it is forbidden to make payments directly from the proceeds earned, unless the law provides otherwise.

Budget expenditures have a precise and limited destination and are determined by the authorizations contained in special laws and annual encyclopedia laws.

No expenditure can be entered in the budgets foreseen and can not be committed and made from these budgets unless there is a legal basis for that expenditure.

No expenditure on local public funds can be committed, ordained and paid if it is not approved, according to the law, and if it does not have budgetary provisions and sources of funding.

After the approval of the local budgets, normative acts with implications for them can be approved, but only by specifying the sources for covering the decrease of the incomes or the increase of the budgetary expenditures related to the budget year for which the respective local budgets were approved.

In Romania, the budgets of the administrative-territorial units are an important component of the public administration in Romania, both in volume and as a mechanism for running and managing public resources.

At the level of the administrative-territorial units, the scope of the budgets of the general centralized budget of the administrative-territorial units is the following (figure 1):

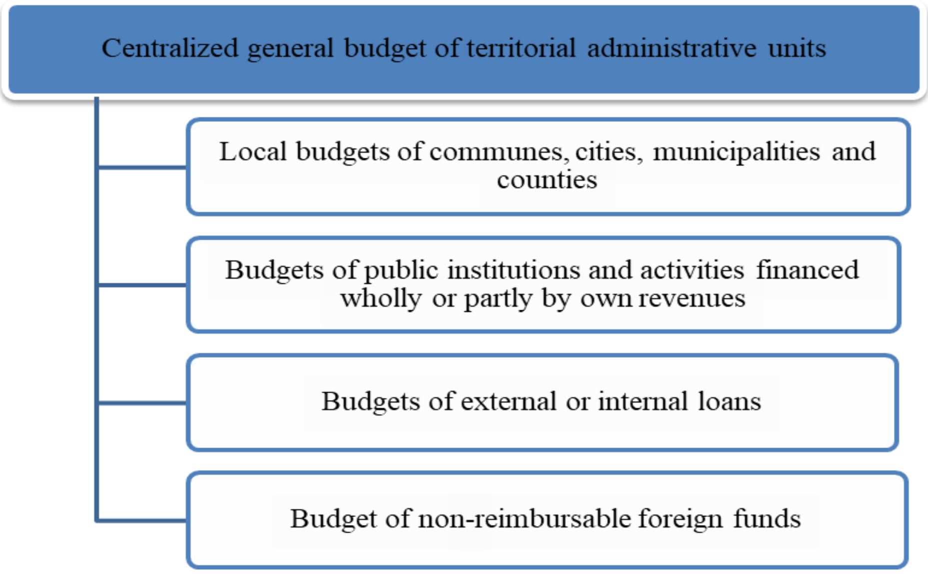

Figure no. 1 **Structure of the centralized general budget of the administrative-territorial units**

By means of the four categories of budgets, the local public administration authorities establish, manage and use financial resources to fulfill their competences and duties, in accordance with the local public finance provisions and procedures.

According to Law no. 351/2001 on the approval of the National Territory Planning Plan - Section IV The network of localities, with the subsequent modifications and completions, the administrative-territorial units are the communes, the towns, the municipalities and the counties.

By Law no. 273/2006 on local public finances, as subsequently amended and supplemented, autonomy of local administrations has been increased both in the way of establishing, finding, tracking and collecting the local revenues, and in the way of budget expenditures planning, with new allocations responsibilities in both the collection and management of local resources.

The revenues of the local budgets registered a slow increase in 2017 compared to 2015 (Table no 1), from 61.463 million lei in 2015 to 62.782 million lei in 2017. In 2016, compared to 2015, the amount of budget revenues localities of communes, towns, municipalities and counties recorded a decrease of RON 1,945 million, mainly due to the decrease of subsidies received from the EU / and / or other donors in the account of payments made and pre-financing.

Table no. 1 **The evolution of local budget resources in the years 2015-2017**

- ROL million –

Nr. crt.	Budget indicators	2015	2016	2017	Absolute abortion	
					2017-2016	2017-2015
0	1	2	3	4	5	6
1.	Income from taxes, fees, contributions, payments, other income	9.586	9.927	10.461	534	875
2.	Quotas and amounts deducted from income tax	17.113	17.923	20.231	2.308	3.118
3.	Sums deducted from value added tax	21.226	20.520	23.549	3.029	2.323
4.	Subsidies received from the state budget and from other budgets	8.193	9.358	6.518	- 2.840	- 1.675
5.	Subsidies received from the EU / other donors on account of payments made and pre-financing	5.354	1.790	2.023	233	-3.331
TOTAL INCOME		**61.463**	**59.518**	**62.782**	**3.264**	**1.319**

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Analyzing in the structure the main categories of local budget revenues, it is observed that over the analyzed period, the largest share in the total local budget revenues is held by the sums deducted from the value added tax.

Table no. 2 **The share of revenues in the structure in the total revenues collected in the years 2015-2017**

Nr. crt.	Budget indicators	2015 (million lei)	% of the total	2016 (million lei)	% of the total	2017 (million lei)	% of the total
0	1	2	3	4	5	6	7
1.	Income from taxes,	9.586	15,60	9.927	16,68	10.461	16,67

	fees, contributions, payments, other income						
2.	Quotas and amounts deducted from income tax	17.113	27,84	17.923	30,11	20.231	32,22
3.	Sums deducted from value added tax	21.226	34,53	20.520	34,48	23.549	37,51
4.	Subsidies received from the state budget and from other budgets	8.193	13,33	9.358	15,72	6.518	10,38
5.	Subsidies received from the EU / other donors on account of payments made and pre-financing	5.354	8,7	1.790	30,01	2.023	3,22
TOTAL INCOME		**61.463**	**100%**	**59.518**	**100%**	**62.782**	**100%**

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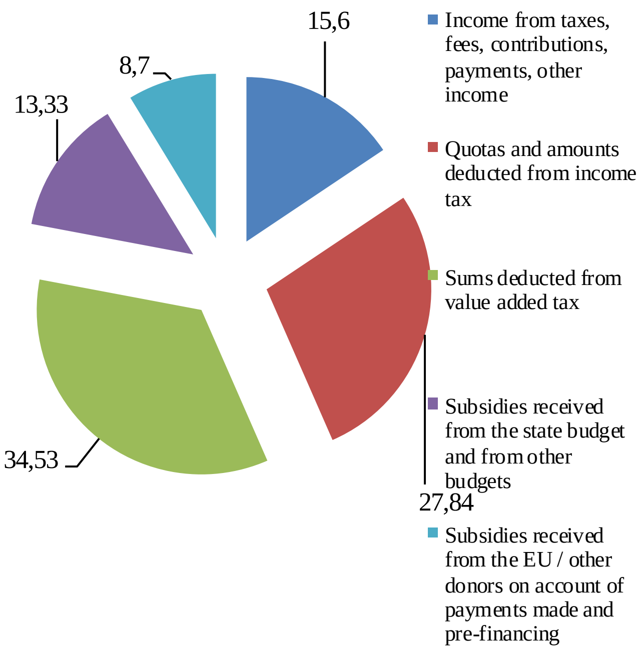
The graphical representation of the share of revenues in the structure in the total revenues collected in 2015 and in 2017 is the following:



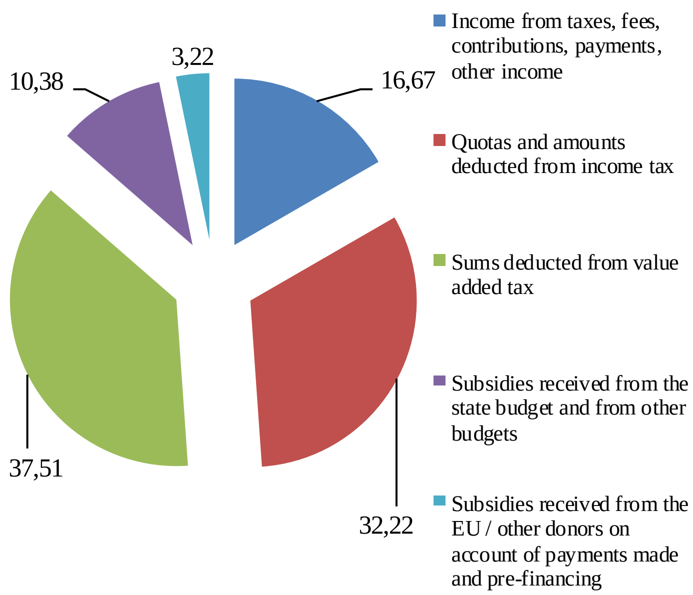


Chart no. 1 **Share of revenues in the structure in the total revenues received in 2015**

Chart no. 2 **Share of revenues in the structure in the total revenues received in 2017**

Regarding the total expenditures from the local budgets in 2017 compared to the year 2016, they increased in absolute value by 4,850 million lei. This increase is mainly due to the increase in personnel costs from 18.106 million lei in 2016 to 23.415 million lei in 2017.

For the period 2015-2017, the total expenditures from the local budgets increased by 2.078 million lei, which in relative size means an increase of the expenditures made from local budgets by 3.53% (Table 3).

Table no. 3 **Evolution of local budget expenditure in the period 2016-2017**

Nr .crt.	Categories of expenditure	2015 (million lei)	% of the total	2016 (million lei)	% of the total	2017 (million lei)	% of the total
0	1	2	3	4	5	6	8
1.	Personal expenses	16.893	28,61	18.106	32,17	23.415	38,30
2.	Goods and services	12.004	20,33	11.770	20,91	12.060	19,73
3.	interest	545	0,92	525	0,93	481	0,79
4.	subsidies	2.088	3,54	2.272	4,04	2.341	3,83
5.	Reserve funds	-	-	-	-	-	-
6.	Trasferuri	8.563	14,5	9.534	16,94	10.794	17,66
7.	Projects funded by non-reimbursable external funds	9.377	15,88	1.726	3,07	1.355	2,22
8.	Capital expenditures	8.294	14,05	10.268	18,24	9.206	15,06
9.	Financial operations	1.284	2,17	2.084	3,7	1.483	2,43
TOTAL EXPENSES		**59.048**	**100%**	**56.285**	**100%**	**61.135**	**100%**

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Analyzing in the structure the main categories of expenditures of the local budgets it is observed that in each of the three subjects under analysis the highest share is the personnel expenses that have registered a continuous increase, from 28.61% in 2015 to 38.30% in 2017. Regarding the share of expenditures made with projects funded by non-reimbursable foreign funds, in 2015 they registered a share of 15.88% reaching 2017 at a share in the total expenditures of 2.22%.

The graphical representation of the weight of the tax in the structure in the total expenditures from the local budgets in 2015 and 2017 is the following:

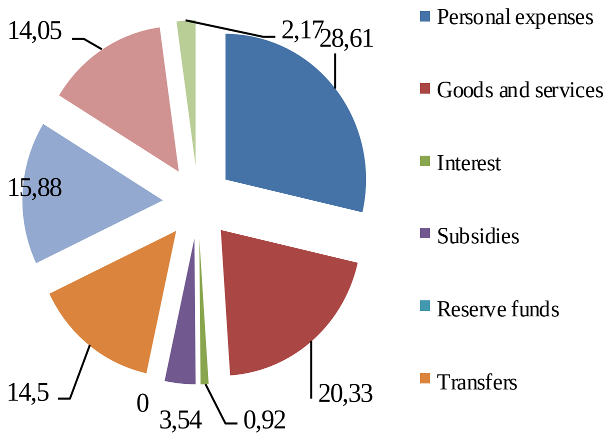

Chart no. 3 **Share of expenditure in structure in total expenditure incurred in 2015**

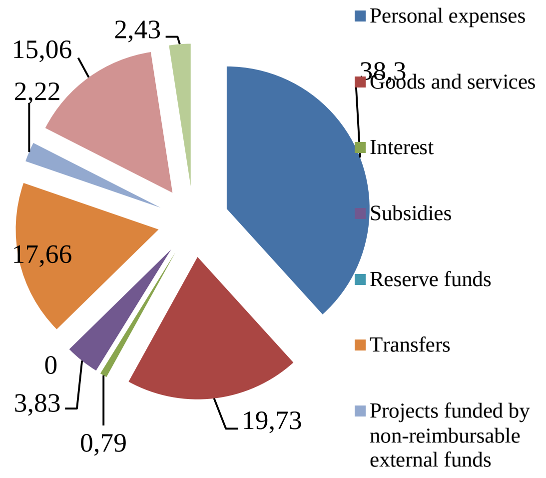

Chart no. 4 **Share of expenditure in structure in total expenditure incurred in 2017**

Analyzing the structure of revenues and expenditures of the centralized budget of the territorial administrative units over the period 2015-2017 (Table 4), it is observed that the highest share in both the level of revenues and the expenditures in the centralized general budget of the administrative-territorial units is held by the amounts registered in the local budgets of communes, towns, municipalities and counties.

Table no. 4 **Evolution Local budgets of communes, towns, municipalities, counties compared to the centralized general budget of the administrative-territorial units in the period 2015-2017**

- ROL million –

Nr. crt.	Budgets	Income (Income)	Expenses (payments)	Surplus / Deficit
1.	Local budgets of communes, cities, municipalities, counties			
	Year 2015	61.462	59.048	2.415
	Year 2016	59.518	56.285	3.233
	Year 2017	62.782	61.134	1.648
2.	The centralized general budget of the administrative-territorial units (after the adjustment and consolidation operations)			
	Year 2015	71.713	72.477	-764
	Year 2016	68.315	67.794	521
	Year 2017	74.654	75.057	-403
3.	% Local budgets of communes, towns, municipalities, counties / Centralized general budget of the administrative-territorial units (after the adjustment and consolidation operations)			
	Year 2015	85,71	81,47	-
	Year 2016	87,12	83,02	-
	Year 2017	84,10	81,45	-

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In 2017, the centralized general budget of the territorial-administrative units registered increases both in revenues and expenditures compared to each of the two years, respectively 2016 and 2015. The growth rate of revenues was 9.28% compared to the year 2016 and 4,10% over the year 2015. Expenditure increased by 10,71% as compared to 2016 and by 10,71% as compared to 2016 and by 56% compared to 2015.

Positive developments have also been registered at the level of the local budgets of communes, towns, munitions and counties.

The graphical representation of the evolution of the incomes and expenditures of the local budgets of the communes, towns, municipalities and counties as compared to those recorded in the centralized general budget of the administrative-territorial units is the following:

Analyzing the data presented in graphs no. 5-6 it can be noticed that in the centralized general budget of the administrative-territorial units the local budgets of the communes, towns, munitions and counties have the highest share, over 80% per budget component.

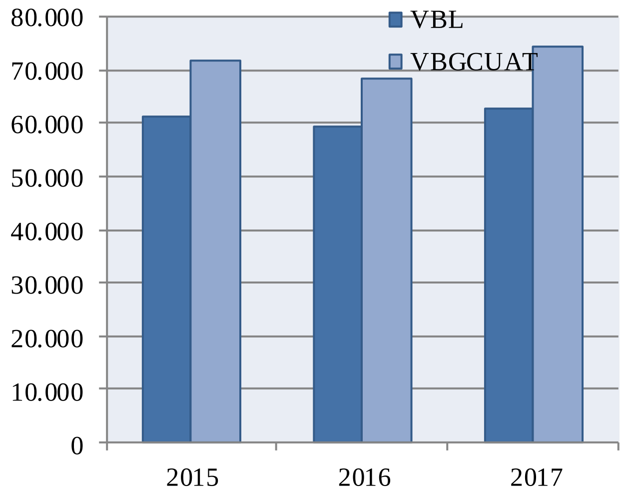

Chart no. 5 **The evolution of local budget revenues compared to those recorded in the centralized general budget of the administrative-territorial units**

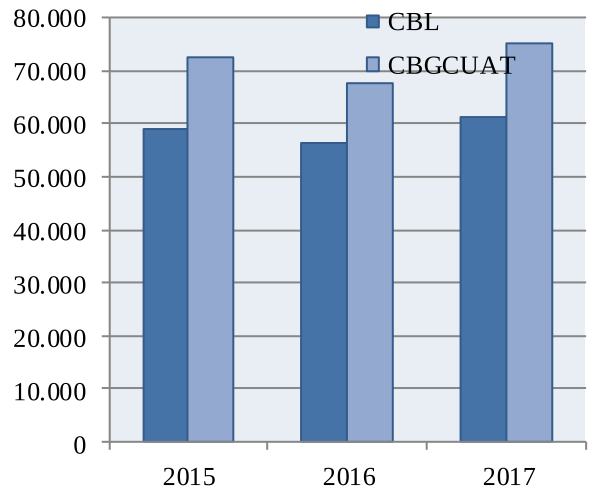

Chart no. 6 **The evolution of local budget revenues compared to those recorded in the centralized centralized budget of units**

4. Conclusionse

The importance of analyzing local budgets plays an important role in terms of the fact that politically independent and financially responsible local finances. At the same time, the importance of local budgets also stems from the importance of the consolidated general budget, since the general consolidated budget of the territorial administrative units occupies a constant position which the state tries to maintain in a balanced way irrespective of the economies passing through.

In Romania, over the period 2015-2017, local budget revenues of communes, towns, municipalities and counties accounted for 85.71% of total consolidated revenue in 2015, 87.12% in 2016 and 84, respectively, 10% in 2017. At the same time analyzed, the expenditures of the local budgets of the communes, towns, municipalities and counties represented in the general consolidated budget expenditures 81.47% in the year 2015, 83.02% in 2016 and respectively 81.45% in 2017.

The analysis carried out within the research work reveals the degree of dependence of the local budgets of communes, cities, municipalities and counties on the consolidated general budget, in the context of a decentralization process analyzed with interest for the most efficient application.

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