

## DYNAMICS OF BUDGET REVENUES WITHIN THE LOCAL BUDGET OF TÂRGU JIU MUNICIPALITY

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### **Abstract**

*The local budget is a document that provides and approves the revenues and expenditures of the administrative-territorial units for each year. In order to have real autonomy in a territorial administration, it is necessary to have financial resources in a proportion that allows the fulfillment of the responsibilities that are conferred on the administrative-territorial units. The resources generated at the level of the budget of a local administration are mainly represented by the revenues it generates from its own sources, supplemented by subsidies from the state budget or from other budgets, donations and sponsorships or amounts deducted from the revenues of the state budget.*

**Keywords:** local budget, administrative-territorial unit, revenues, source of income.

**Classification JEL:** H61, H71

## 1. INTRODUCTION

In the specialized literature, several definitions are mentioned regarding the budget. For example, in the opinion of the author Elena-Doina Dascălu, the budget represents “the planning and management tool of the financial activity of the administrative-territorial units” [2]. Thus, by analyzing the budget, the degree of autonomy of the local administration is analyzed with respect to the resources received from the central administration or other administrations and the existing links between the different territorial administrations.

Local public finances constitute the activity of local administrations in their capacity as users of special financial techniques, such as: budget, taxes, levies, allocations, expenditures, loans, etc. [5].

Local budgets represent a fundamental tool through which local public administration authorities plan, manage and control their financial resources.

In each country, the ratio between central public finances and local public finances is different. The degree of financial centralization differs depending on the concentration of the country's administration, the extent to which local bodies are subordinated to the central leadership. However, major issues of national interest, strategic, those that affect all citizens (defense, state public order, state administration, foreign relations, art, health, education) belong to the central budget, as do macro-social policies of regulation and welfare.

## 2. THEORETICAL ASPECTS REGARDING THE LOCAL BUDGET

Local public finances are individualized within public finances through a certain complexity, due to the number of administrative-territorial units in a country, their level of economic and social development, and local particularities.

The revenue component is essential because it determines the capacity of an administrative-territorial unit to provide quality public services, invest in development and ensure local autonomy.

Local budget revenues can be divided into several categories depending on their origin, as follows:

- Revenues from own sources;

➤ Revenues that represent amounts broken down from some revenues of the state budget;  
➤ Subsidies that the local budget collects from the state budget and from other administrations, donations and sponsorships.

Budgetary revenue policy deals with two main subcomponents, namely fiscal revenue policy and non-fiscal revenue policy, with emphasis on fiscal revenue policy.

Budgetary revenues are the means necessary to form the monetary funds from which budgetary expenditures are made.

From the European Charter of Local Self-Government to which Romania [6] has also acceded, the article entitled “Financial resources of local authorities” refers to the revenues of local budgets, presenting the following concepts:

➤ the right of local authorities to sufficient own resources, which they can freely dispose of, in the exercise of their powers, the sufficiency of these resources is considered as proportional to the legal powers, and in real agreement with the prices or costs in the national economy;

➤ at least part of the financial resources of local authorities can come from local royalties and taxes, the percentages of which are established at local level within the legally permitted limits;

➤ consultation of local authorities on procedures for redistributing resources, redistributions that protect financially weaker local authorities, promoting a financial adjustment that corrects the effect of the inequality of potential sources of financing, without reducing the legal freedom of choice of the authority (according to art. 9 points 1-6 of the European Charter of Local Self-Government).

Given the limited autonomy of local communities, in terms of their dependence on the central budget, the specific structure of local budget revenues is as follows [4]:

1. Own revenues of local budgets, regulated by the Public Finance Law and the Local Public Finance Law, consisting of taxes, fees and income payments from individuals and legal entities. Normally, these revenues should have the largest share in the total revenues of local budgets.

2. Assigned revenues, which include the amounts deducted from certain due revenues, according to the state budget law. GEO no. 45/2003 establishes the deducted shares that local communities receive from taxes transferred to the state budget.

3. Transfers granted from the state budget to finance objectives of national interest, but which can be more efficiently organized and controlled by local bodies. Transfers are approved annually by the budget law, for each county as a whole, with pre-established destinations.

4. Loans contracted on the domestic or foreign financial market, directly, on behalf of local public administration bodies, or guaranteed by the Government. The loans serve to finance investments of local interest, as well as to refinance local public debt.

### 3. SPECIFIC INDICATORS FOR THE ANALYSIS OF BUDGET REVENUES OF THE MUNICIPALITY OF TÂRGU JIU

In order to analyze the dynamics and importance of different categories of budget revenues, the analysis is carried out using specific indicators, which are presented both theoretically and numerically, highlighting their evolution in the case of the local budget of Târgu Jiu Municipality, during the period 2023-2024.

The indicators used in the analysis are:

1. The degree of revenue realization. This indicator shows the share with which the revenues recorded in the initial budgets were realized. When the programmed revenues are also collected, this indicator has a unitary value. As a result, in practice the value of this indicator must be as close as possible to 100% or even above, which means that the revenues collected exceed the amount of the programmed revenues. Otherwise, the authorities must identify the reasons underlying the non-collection of revenues.

$$\text{Revenue generation rate} = \frac{\text{Total revenue collected}}{\text{Total scheduled revenue}} \times 100$$

2. Share of tax revenues in total revenues. This indicator indicates the share of tax revenues in total revenues. It is desirable for this indicator to indicate values as high as possible, because tax revenues are an integrated part of own revenues.

$$\text{Revenue generation rate} = \frac{\text{Tax revenues}}{\text{Total revenue collected}} \times 100$$

3. Share of non-tax revenues in fiscal. This indicates the share of non-tax revenues in the total revenues collected in the local budget. Usually, non-tax revenues have a fairly low share.

$$\text{Revenue generation rate} = \frac{\text{Non – tax revenues}}{\text{Total revenue collected}} \times 100$$

4. Total income per capita (lei/capita). This indicator expresses the value of income per capita. The higher the value of this indicator, the higher the income of the population.

$$\text{Revenue generation rate} = \frac{\text{Total revenue}}{\text{Number of inhabitants}} \times 100$$

The dynamics of total revenues programmed and collected in the local budget of Târgu-Jiu Municipality, during 2023-2024, is reflected in table no. 1:

Table no. 1 Revenue dynamics in the case of the local budget of Tîrgu Jiu Municipality, in the period 2023-2024

No. Crt.	Indicator \ Year	2023	2024
1.	Total scheduled revenue	590.102.130,00	621.923.630,00
2.	Total revenue collected	441.624.436,18	370.383.495,26
3.	Absolute change in revenue collected	-	-71.240.940,92
4.	Relative change in revenue collected	-	-16,13%

Source: [https://www.targujiu.ro/dm\\_tgjiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E](https://www.targujiu.ro/dm_tgjiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E)

According to the information presented in the previous table, the value of revenues collected by the local budget of Târgu Jiu Municipality in the period 2023-2024 decreased by 71,240,940.92 lei. The decrease of this value by 16.13% in 2024 compared to 2023 was generated by the decrease in revenues obtained from the amounts obtained from the quotas deducted from the income tax, revenues from subsidies (both subsidies that the local budget collects from the state budget and from other administrations) and from other categories of revenues.

The degree of achievement of total revenues in the local budget of Târgu Jiu Municipality, in the period 2023-2024, is reflected in table no. 2:

Table no. 2 Degree of revenue achievement in the case of the local budget of Tîrgu Jiu Municipality, in the period 2023-2024

No. crt.	Indicator \ Year	2023	2024
1.	Revenue generation rate	74,84%	59,55%

Source: Own processing of data from table no. 1

In 2023, the local budget of Târgu Jiu Municipality collected 74.84% of the total revenues planned to be collected.

Graphical representation of the degree of revenue achievement in the period 2023-2024 is:

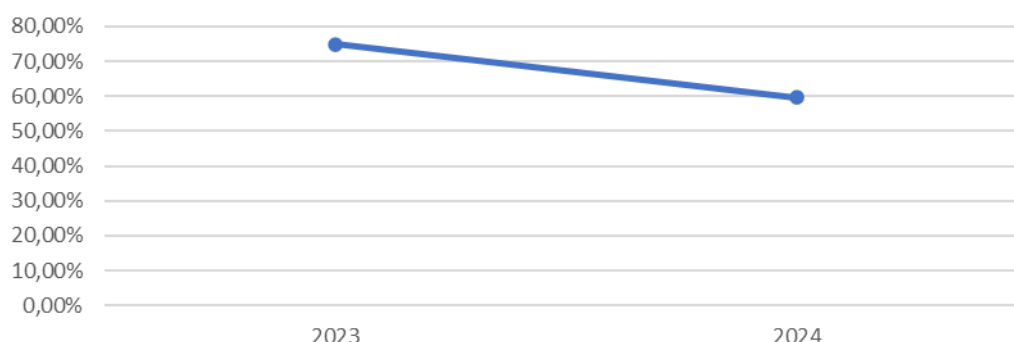


Chart no. 1 Evolution of the share of the degree of income realization in the period 2023-2024

During the period of time subject to analysis 2023-2024, the degree of realization of total revenues was decreasing, although it is desirable for it to be higher or to tend towards 100%, it can be seen from the data presented in table no. 2 that its values are relatively low at the level of 2024, respectively 59.55%. The low value of the degree of realization of revenues at the level of 2024 (59.55%) is generated by the decrease in revenues collected (by 16.14%). The planned revenues increased by 5.39%, while the revenues collected decreased by 16.14%. Based on these arguments, the year 2023 looks much better from the point of view of revenue generation, namely 15.29% higher than in 2024.

In order to analyze the structure and importance of the current revenues of the local budget of Târgu Jiu Municipality, the following analysis highlights the share of the two categories of current revenues (tax revenues and non-tax revenues) in the total revenues of the local budget of the municipality.

Table no. 3 Tax revenues in the structure of current revenues at the local budget level of Târgu Jiu Municipality, in the period 2023-2024

No. crt.	Indicator	2023	2024
1.	Tax revenues	270.863.204	276.647.859
2.	Total revenue collected	441.624.436,18	370.383.495,26
3.	Share of tax revenues in total revenues	61,33%	74,69%

Source: own processing of data obtained from

[https://www.targujiu.ro/dm\\_tgiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E](https://www.targujiu.ro/dm_tgiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E)

Tax revenues record the largest share in total revenues in 2024 due to the reduction in total revenues collected in 2024 compared to 2023. Tax revenues increased by 2.13%, while total revenues collected decreased by 16.14%, over the 2023-2024 time period, which led to a higher share of tax revenues in total revenues collected in 2024.

The graphic representation of the share of tax revenue evolution in total revenue in the period 2023-2024 is:

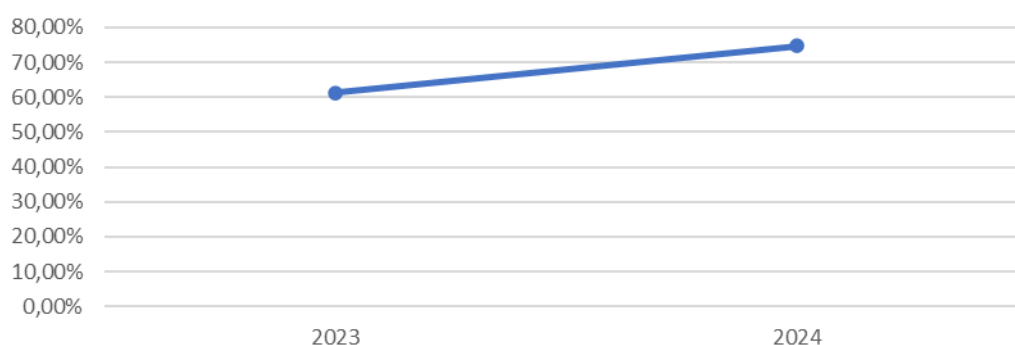


Chart no. 2 Evolution of the share of tax revenues in total revenues in the period 2023-2024

Table no. 4 Non-tax revenues in the structure of current revenues at the local budget level of Tîrgu Jiu Municipality, in the period 2023-2024

No. crt.	Indicator	Year	2023	2024
1.	Non-tax revenues		16.147.482	16.884.804
2.	Total revenue collected		441.624.436,18	370.383.495,26
3.	Share of non-tax revenues in total revenues		3,66%	4,56%

Source: own processing of data obtained from

[https://www.targujiu.ro/dm\\_tgiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E](https://www.targujiu.ro/dm_tgiu/portal.nsf/pagini/informatii+financiare+2023-0001A50E)

The share of non-tax revenues in total revenues collected, as can be seen in table no. 4, records quite low values. The lowest share in the time interval under analysis is recorded in 2023, respectively 3.66%, and in 2024 this indicator is 4.56%. The 0.90% increase in the share of non-tax revenues in total revenues collected is generated by the decrease in total revenues collected in this time interval by 71,240,940.92 lei. Thus, referring to a smaller volume of total revenues collected, the value of the indicator recorded higher values.

## CONCLUSIONS

In the event that a local authority's financial resources are not sufficient to cover the expenses provided for in the budget, it may receive subsidies from the state budget, but in addition to subsidies from the state budget, local budgets may also receive subsidies from other administrations, namely:

- from the budget of the Ministry of Labor and Social Solidarity;
- through the budget of the Ministry of Development, Public Works and Administration;
- through the budget of the Ministry of Culture;
- through the budget of Culture;
- through the budget of Education;
- through the budget of Health;
- through the budget of Environment, Waters and Forests

In addition to these ways of generating income within the local budgets of a local administration, funds from the European Union can also be added, as well as contracting loans.

Based on the data collected from the execution accounts of the local budget of Târgu-Jiu Municipality for the period 2023-2024, an analysis of the budget revenues of Târgu-Jiu Municipality was carried out. In carrying out this research, five indicators were used that were interpreted after the calculation. Following the detailed analysis of these indicators, it was found that from the time interval 2023-2024, the year 2024 had the lowest level of total revenues collected. The present research will be subject to a subsequent study, because the value of tax revenues per capita will also be analyzed, an

indicator that shows how much of the total tax revenues within the local budget is owned by a resident. Due to good budget management, it is observed that in 2023 the local budget of Târgu-Jiu Municipality was much better off financially compared to 2024.

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