

METHODS OF FUNDS ANALYSIS IN THE SALAJ COUNTY

Bechiş Liviu

“Vasile Goldiș” West University Arad

In this paper the authors present methods of analysis of budgetary resources in territorial, the example of Salaj County. We analyzed this county revenues and expenditures during 2007-2010, using a system of indicators related

Key words: resource allocation, income, expenses, results

Gel Classification: G18

1. Introduction.

Economic and financial analysis and resource allocation to the counties can be undertaken using a system of indicators of income and expenditure in territorial administration. That is why in this paper we present such an analysis in Salaj County, though this can be generalized to other counties in Romania.

2. Method and results

The first dimension of analysis is to analyze income. Compared to the original budget forecast, Salaj county public revenues in the period 2007-2010 showed an increasing trend in absolute terms, but the actual implementation of these fluctuations occurred late in the period.

Thus, compared to 2007, the estimated total revenue amounted to 93,111.37 thousand, in 2008 they amounted to 128,110.43 thousand in 2009 to reach a value of 156,885.05 thousand, and in 2010 to reach a value of 192,828.30 thousand. The degree of realization of such income has not increased, however, properly so, in 2008 (the estimated revenue was collected at a rate of 98.10%), in 2009 the degree of achieving them collapsed at a rate of 74.07% and in 2010 rose to 85.91%.

After a favorable period, the total income of Salaj county increased 1.39 times (2008 to 2007), a natural consequence of the context of economic and financial crisis that has characterized the national and international economic environment, although initially provided higher revenues in 2009 compared to 2008, actual revenues fell by 8% (from 125,670.53 to 116,209.65 thousand lei). In 2010 revenues were achieved by 28.5% higher than in 2009 (from 116,209.65 to 165,654.90 thousand lei). The structure of local public resources Salaj county, is found following main categories of income (the weights for 2010): rates and amounts deducted from income tax (13.69%), amounts deducted from VAT (27.66%), own revenues (1.29%), financing the paving of the roads program and water supply to villages (23.74%), multi-annual program funding Technical Assistance for public investment projects financed by the Regional Operational Program 2007-2013 (0.46%), transfers from the state budget to local budgets for rights of disabled persons (20.40%) and subsidies from the state budget to fund medical and social care units (0.15%).

Rates and amounts deducted from income tax up 13% share of the income tax and the amounts allocated 27% of the share of 22% of income tax to balance the budget of the county steadily increased in volume during analyzed at 15056.59 thousand in 2007 to 20,303.98 thousand in 2008 to 20,996.70 thousand in 2009 and 22,682.00 thousand in 2010.

As one of stable financial resources of the county budget, the share of these shares in the total local revenues declined slightly from 16.67% in 2007 to 13.69% in 2010, experienced a degree of achievement involution, in 2010 was actually received only a percentage of 95.46% of the estimated value, compared to 2007, when revenues were close to 100% (99.94%). The evolution of this indicator is not spectacular, in 2010 recorded an increase of 50% compared to 2007 and only 8% compared to 2009.

VAT deducted amounts consist of: amounts deducted from VAT to finance decentralized spending in the county, amounts deducted from the VAT for county and amounts deducted from VAT to balance the county's own budget.

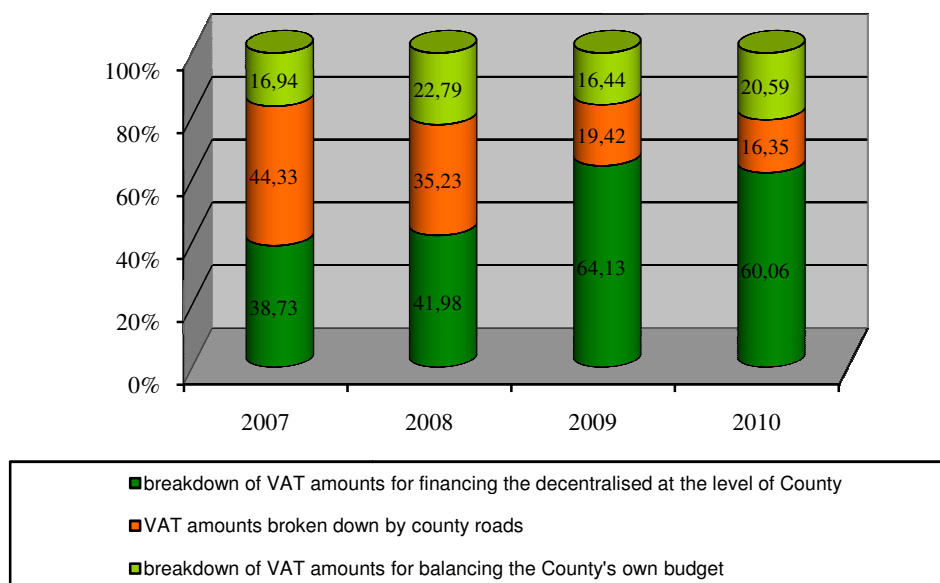


Figure 1 Weights in the amounts deducted from VAT

Decentralized spending refers to the county child welfare system and social centers for persons with disabilities, granting rights of dairy and bakery for students in grades one through eight in public education for preschool children in kindergartens State costs of special education and resource centers and support educational, cultural institutions decentralized contributions to the lay staff employed in the establishments of worship, community public service records of persons under the authority of the county.

Amounts deducted from VAT for county roads are divided into administrative units, depending on their length and technical condition, the decision of the District Council, after consulting the mayors.

Volume amounts deducted from a trend of increasing VAT in 2008 (63,109.72 thousand) to 2007 (49,194.02 thousand and degree of performance 100%), because in 2010 to reduce considerably (45,825, 40 000 lei). This translates into an increase of 1.28 in 2008 compared to 2007, a decrease of 21% growth in 2009 than in 2008 and down 8% growth in 2010 compared to 2009.

The significance of these involutions is to reduce the special purpose funding from the state budget. The causes may be an objective (negative national economic context, whether in allocating funding requirement), and subjective (2008 was an election year, the elections both locally and centrally). In the amounts deducted from VAT, hold the largest share amounts for the financing of decentralized expenditures in the county (38.73% in 2007, 41.98% in 2008, 64.13% in 2009 and 60.06% in 2010).

Determinant indicator for determining the degree of financial autonomy of county revenues included in the budget have, unfortunately, a very small share in all local public funds (2.95% in 2007, 4.85% in 2008, 2.13 % in 2009 and 1.29 in 2010).

This income had fluctuated in the period, increasing from 2665.14 thousand in 2007 to 6110.96 thousand in 2008 (a huge increase, therefore, 2.29 times), because in 2010 to reduce by 19% compared to 2007, by 65% compared to 2008 and by 13% compared to 2008, attaining the amount of 2133.50 thousand. Salaj county's own budget revenues (with weights for 2010) is

composed of: tax on vehicles over 12 tons, owned by individuals and legal persons (6.75%), other direct tax receipts (zoning, building permits, specifications, notices of special structure, unique arrangements, special transport permits) (8.33%), revenues from concessions and leases (25.46%) monthly contribution of parents to cover children in institutions (0.09%) monthly contribution to local councils to cover children in day care centers (4.64%), revenues from fines and other sanctions applied under law (0.28%), other income (Official Gazette of the county plan, photocopying services, the road user charge, feasibility studies, other income), (8.60%), donations and sponsorships (1.84%), income from the sale of goods institutions (1.08%); income from sale of property belonging to private sector (42.93%).

Although absolute and relative volume of their income is not high, a positive aspect is that their level of achievement has risen steadily and substantially in the period from 55.13% in 2007 to 94.04% in 2008 to 98.69% in 2009 and 90.83 in 2010.

Funding program of paving roads and village water supply was established as Salaj county budget income reached in 2010 to 39,344 thousand, accounting for 23.80% of total revenues. This program was established by Government Decision no. 577 of 25 September 1997 to improve social and economic situation of residents in targeted areas. Financing is provided from the state budget through the Ministry of Regional Development and Tourism, the amounts approved annually by the destination and local budgets of administrative unit's beneficiary, external loans and other financing sources legally constituted. Technical maturation to promote investment projects for financing from structural funds, the Ministry of Regional Development and Tourism has developed, implemented and funded in the period 2007-2010 Multiannual Technical Assistance for public investment projects financed by the Operational Program 2007-2013. Through this program, approved by Government Decision no. 1424 of November 28, 2007, Salaj County Council received funding to develop economic and technical documentation of six projects for obtaining structural funds in the following areas: social infrastructure, educational infrastructure and tourism infrastructure. Funding framework contracts ending only at the end of 2007, actual revenue realization occurred only in 2008 (527,420 lei), 2009 (1155.78 thousand - 99.38% level of achievement) and 2010 (759.00 lei - degree of achieving 93.70%).

Subsidies from state budget to local budgets needed to support projects running FEN - accession period were estimated at the beginning of 2009 amounted to 40,000 thousand, then they reach the beginning of 2010 amounted to 23,891 thousand, intended for expenses investment in the "Road Rehabilitation Ciucea-Krasna-Vîrșoț". Because blocking the project in the bureaucratic procurement procedures, the amounts allocated were not used until 2010, when the contract was signed after the execution of investment works adjudication by open tender.

Transfers from state budget to local budgets for rights of disabled persons had a sustained upward trend during 2007-2009, at 23156.12 thousand (2007), to 35,376.67 thousand (2008), to 41378.89 thousand (2009), following a decline in 2010 to 33,789.00 thousand (18.40% compared to 2009). Subsidies from the state budget to fund medical and social care units remained relatively constant during this period (242 thousand in 2007, 241,780 lei in 2008, 249.50 and 245.00 thousand lei in 2009 2010) the decrease registered in 2010 compared to 2009, with only 1.80%.

Analysis of local government revenue shown above leads to a conclusion with serious negative implications on financial dependence Salaj county to central: an overwhelming proportion of its resources (97.87%) comes from the central level (the rates and amounts broken, financing programs, special purpose transfers and subsidies), being represented only 2.13% of their income. In these conditions, local autonomy can be achieved effectively as financial autonomy is far from being achieved.

Another observation may be the degree of achievement of local revenues, which, although time limits are set as minimum tasks were not completed at 100% or above this percentage always. This finding may lead either to the conclusion that a more reasonable substantiation of such

indicators, or the appreciation of the significant influence of external factors on local public finances.

The second dimension in territorial analysis is the analysis of public expenditure. Planned and actual public expenditure in the budget Salaj county recorded similarly trajectory public revenue fluctuated a corresponding financial and economic context nationally and internationally.

Thus, in the first period analyzed, local expenditures have increased the amount of 85,290.72 lei in 2007, the value of 113,004.68 thousand in 2008 to 157,130.14 thousand in 2010, corresponding to a increase of 45% compared to 2009.

If we consider the year 2007, in 2010 we see an increase of 84% of total public spending (which reached \$ 157,130.14 thousand), but if we use as the baseline year 2008, we see an increase of 39%. These developments are explained by external factors, political (2008/2009 was, as I said, an election year) or economic (domestic and international backdrop economic crisis). Analysis of the implementation of public expenditure as indicators whose upper limit is provided in the initial budget imperative, based on the finding that compliance with legal requirements. Progress in the achievement of declining public expenditure in 2007-2009 shows both a positive, reflecting a strategy for saving the global context Salaj county and national economic and financial crisis (the largest reduction in spending is operated public administrative apparatus). In 2010, total expenditure increased by 18.03% compared to 2009 due to investment costs, essential in difficult economic times, such as this. The motivation behind this latter finding is, however, could not be objective. Unrealized investment costs are related infrastructure projects and local development, "Road Rehabilitation Ciucea-Krasna-Vîrșoț", and its implementation, as mentioned above, was locked in 2007-2009 due to the rigors of the law in the procurement. With the signing of the executive work in January 2010 this project has been the natural result, the estimated investment works to be completed later this year even. This will result in a spectacular development of local public expenditure county road infrastructure investments, a trend that will be reflected in the budgetary account for 2011.

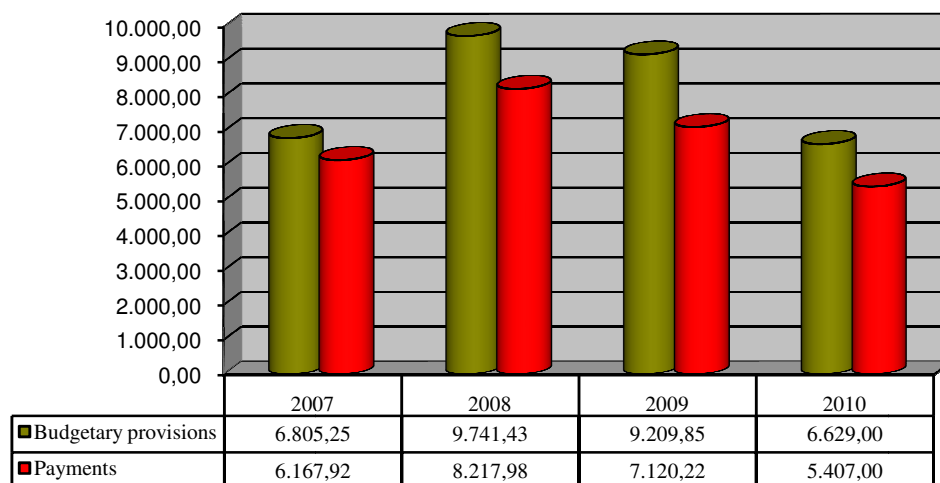


Figure 2: Expenditure on the executive authorities

Public expenditure in the budget include executive authorities Salaj county maintenance costs and administrative apparatus, consisting of: personnel costs, costs of goods and services, other transfers, welfare, capital expenditures and payments made in previous years and recovered this year. The share of these expenditures in total local government expenditure is not negligible,

being 7.23% in 2007, 7.27% in 2008, 6.58% in 2009 and 3.44% in 2010. Within this category the cost of staff ranks first (79.31% in 2007, 63.41% in 2008, 68.90% in 2009 and 77.88% in 2010). In absolute values, the county administrative unit costs have increased the amount of 6167.92 thousand in 2007 to 8217.98 thousand in 2008, before falling to 7120.22 thousand in 2009 and 5407, 00,000 lei (when, despite being set in a higher amount, respectively 6629.00 thousand, has achieved a saving of 18.50%). Dynamic evolution of these costs shows an increase of 1.33 times in 2008 compared to 2007 and decreased by 13% in 2009 and 24.10% in 2010 compared to 2009.

The category of general public services spending includes the costs to the budget reserve fund county expenses Directorate Salaj County for People (public institution subordinated to the County Council) and other public services. They are not found in a significant amount in all local expenditures (2.60% in 2010), but must be mentioned the dramatic increase of the degree of their achievement from 8.70% in 2007 to 9.43% in 2008 to 85.38% in 2009, because in 2010 the percentage of 73.80% is achieved (expressing an increase of 9.01 times and 1.08 times from 2007 to 2008).

3. Conclusions

In the current economic climate, given the direction of evolution of regional development policy promoted and applied by developed countries on the international scene, local public finance gain increasing importance. Their main component is the local budgets, the main lever of the administrative-territorial assertion of local autonomy.

Analyzing the evolution of local revenues Salaj county, it is clear that they were circumscribed economic and financial trends nationally and internationally. Thus, between 2007 and 2008, revenues increased significantly in 2009 for economic and financial crisis to manifest locally. As a corollary to the evolution of public revenues, local budget expenditures had a fluctuating course, upward and downward between 2007 and 2008 and 2008-2009, which reflect a wise savings strategy undertaken at local level, reflected in reduced administrative unit costs. Given that municipal infrastructure (which involves a serious financial allocation, the largest consuming local resources) is in charge of local budgets of municipalities, towns and villages, it is understandable that the largest share in the county budget Salaj is owned social spending, followed by cultural activities and costs only third the cost of county roads and bridges.

4. References

1. Antonescu, M. *Finanțe locale. Teorie și practică*. Craiova: Editura Sitech, 2006.
2. Berea, A.O., Alexandru, C.A. și Pană, C. *Finanțe publice. Buget și trezorerie publică*. București: Editura Bren, 2007.
3. Cornel, C. *Fiscalitate*. Cluj Napoca: Editura Risoprint, 2009.
4. Moșteanu, T. *Politici și tehnici bugetare*. București: Editura Universitară, 2005.
5. Ristea, L., Iacob, L. și Trandafir, A. *Finanțe publice. Prezent și perspective*. Constanța: Editura Ex Ponto, 2006.
6. Ștefura, G.A. *Proces bugetar public*. Iași: Editura Universității „Alexandru Ioan Cuza”, 2009.
7. Tulai, C.I. *Finanțe*, Cluj-Napoca: Editura Casa Cărții de Știință, 2007.
8. Văcărel, I., Bistriceanu, G.D., Anghelache, G., Bodnar, M., Bercea, F., Moșteanu, T. și Georgescu, F. *Finanțe publice*. București: Editura Didactică și Pedagogică, Ediția a VI-a, 2007.