

THE LOCAL BUDGET OF FOCSANI

As the financial instrument for achieving the local development strategy, the local budget for Iasi includes both the sources of finance (current revenues, capital receipts, other sources) and expenditures.

The evolution of Foscani's budget between 1998 and 2000, as well as its forecasts for the next 5 years, has been the basis for elaborating the Capital Investment Plan, which is a component of the Development Strategy of the Municipality.

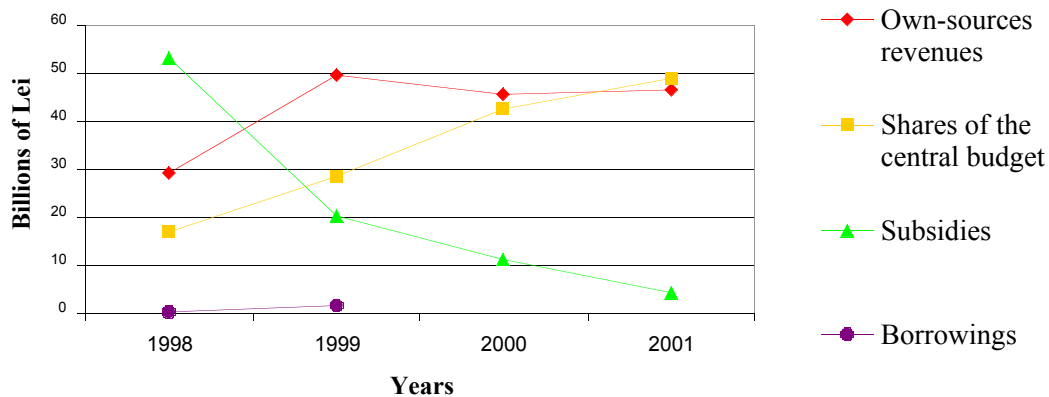
The structure of revenues:

The fiscal policy of debt collection keeps revenues at an average level by applying durable measures (respectively, the adjustment payment corroborated to increases - decreases), own-source revenues have increased.

The increase by 2.7 times of total revenues in 2000 compared to that in 1998 (there was a 3.5 time increase in own-source revenues between these same dates) shows the success of measures aimed at transforming the levels of local charges and taxes as well as at attracting new sources of local revenues (i.e. specially designated revenues).

Subsidies, on the other hand, decreased in favor of transfers from the central budget as a result of the framework set up by the Law 189/1998 regarding the local public finances. In so far as capital expenditures are affected by this legislation, subsidies from the central budget are limited to financing investments with partial financing from foreign loans.

Table 1



The structure of expenditures

Year after year, there is a change in the structure of the total amount of expenditures.

The Local Government attempted to identify solutions concerning the decrease of current expenditures in favor of capital expenditures. However, it was not entirely possible because the

framework for decentralization loaded the local budget with new responsibilities without providing the sources to finance the tasks (i.e. financial assistance for low-income families, salary payments for health care assistants for handicapped individuals, development of a protection system for institutionalized children).

As primary measures for increasing the operational surplus, which is an important source for capital expenditures financing, the local authority aimed at:

- on the one hand, decreasing current expenditures,
- on the other hand, identifying new sources for capital expenditure financing by contracting loans (with a limit of 20% of the total amount of current revenues including shares of income tax) and establishing PHARE, ISPA financing programs.

Table 2

