EMERGENCY ORDINANCE
on local public finance

CHAPTER I
General provisions

Object of the emergency ordinance

Art. 1. – (1) The present emergency ordinance shall establish the principles, the general framework and the procedures regarding the setting up, the administration, the employing and the utilization of the local public funds, as well as the responsibilities of the local public administration authorities and of the public institutions involved in the field of the local public finance.

(2) The provisions of the present emergency ordinance shall apply in the field of drawing up, approval, carrying out and reporting of:

a) the local budgets of the communes, towns, municipalities, sectors of Bucharest Municipality, counties and Bucharest Municipality;

b) the budgets of public institutions, totally or partly financed from local budgets, as the case may be;

c) the budgets of public institutions, totally financed from their own income;

d) the budget of external and internal loans, for which reimbursement, payment of interest, commissions, expenses and other costs are ensured from local budgets and derive from: external loans contracted for by the State and sub-loaned to the local public administration authorities and/or to companies and public services in their subordination;

external loans contracted for by the local public administration authorities and guaranteed by the State; external and/or internal loans contracted for or guaranteed by the local public administration authorities;

c) the budget of non-reimbursable external funds.

Definitions

Art. 2. — Within the meaning of the present emergency ordinance, the terms and phrases below shall be defined as follows:

1. budgetary year - the financial year for which the budget is approved; the budgetary year is the calendar year which runs from January 1 and closes on December 31;

2. budgetary commitment – any document by which a competent authority appropriates, according to law, public funds to a certain destination, within the limits of the approved budgetary credits;

3. legal commitment – stage in the process of budgetary execution representing any legal document from which it results or could result an obligation on the account of the public funds;

4. budgetary article – subdivision of the budgetary expenditure classification, determined in accordance with the economic character of the operations in which these are effected and which designate the nature of an expenditure, irrespective of the activity it refers to;

5. local public administration authorities – the local councils of communes, towns, municipalities, sectors of Bucharest Municipality, county councils and the General Council of Bucharest Municipality, as deliberative authorities, and the mayors, presidents of the county councils and the Mayor General of Bucharest Municipality, as executive authorities;

6. budget – a document by which the income and expenditure are provided for and approved every year or, as the case may be, only the expenditure, according to the financing system of the public institutions;

7. local budget – a document by which the income and the expenditure of the territorial-administrative units are provided for and approved every year;

8. local budget for the entire county, and for Bucharest Municipality, respectively – the totality of the local budgets of the communes, towns, municipalities and the budgets of the county, of the sectors and of Bucharest Municipality, respectively;

9. budgetary expenditure – the amounts approved in the budgets stipulated in art. 1 (2), within the limits and according to the purposes established in the respective budgets;

10. budgetary classification – the grouping of the budgetary income and expenditure in a compulsory order and unitary criteria;

11. economic classification – the grouping of the expenditure according to their economic nature and effect;

12. functional classification – the grouping of the expenditure according to the purpose, in order to assess the allocation of the public funds to certain activities or objectives that define the public necessities;

13. accountant – generic denomination for the person and/or the persons who work in the financial-accounting department, who verify the documents in proof and draw up the payment instruments of the expenditure made on account of the public funds;

14. financial-accounting department – the organizational structure within the public institution, in which the budgetary execution is organized (service, office, department);

15. consolidation – the operation of eliminating the transfers of amounts between the budgets stipulated in art. 1 (2), in view of avoiding their double posting;
16. **deducted quota** – the percentage established from certain income of the state budget, that is allocated to local budgets;

17. **credits meant for multi-annual activities** – the amounts allocated to certain programs, projects, sub-projects, objectives and others similar, that are carried on for a period longer than one year and use credits of commitment and budgetary credits;

18. **credit of commitment** – the maximum limit of expenditure that may be committed, during the budgetary year, within the approved limits;

19. **budgetary credit** – the amount approved by budget, representing the maximum limit up to which there can be ordered and made payments along the budgetary year for the contracted commitments during the budgetary year and/or from previous years for multi-annual activities, and can be committed, ordered and made payments from the budget for the other activities;

20. **co-financing** – the financing of a program, project, sub-project, objective and others similar, partly by budgetary credits, partly by financing from external sources;

21. **contribution** – compulsory charging of a part of the natural and legal persons’ income, with or without the possibility of obtaining a counter-service;

22. **local public debt** – the totality of payment obligations, internal and external, of the local public administration authority, at a given moment, originating from loans contracted or guaranteed by it from the internal and external capital market;

23. **budgetary deficit** – a part of the budgetary expenditure that exceeds the budgetary income during a budgetary year;

24. **opening of budgetary credits** – the approval communicated to the State treasury by the principal loan manager, within the limits of which distribution of budgetary credits and cash disbursements from the local budgets can be made;

25. **interest** – the price for the temporary use of the loaned capital;

26. **donation** – cash funds or material goods received by a public institution or a legal or natural person with non-reimbursable title and without counter-service;

27. **budgetary balance** – the evenness between the budgetary income and the budgetary expenditure within a budgetary year;

28. **budgetary surplus** – the part of the budgetary income that exceeds the budgetary expenditure during a budgetary year;

29. **budgetary execution** – the activity of collecting the budgetary income and making the payments for the expenditure approved through the budget;

30. **pay desk budget execution** – the complex of operations that refer to the collection of the income and the payment of the budgetary expenditure;

31. **budgetary year** – the period equal to the fiscal year for which the budget is drawn up, approved, executed and reported;

32. **local public funds** – the amounts allocated from the budgets stipulated in art. 1 (2), as well as those managed outside the local budget;

33. **fund of risk** – the fund constituted outside the local budget by the authorities of the local public administration from the commissions covered by the beneficiaries of the loans guaranteed by these authorities and from other sources;

34. **working capital** – the part from the final annual budgetary surplus of the local budget, that is constituted at the level of each territorial-administrative unit and is used in accordance with the provisions of the present emergency ordinance;

35. **budgetary reserve fund** – the fund provided for in the part of expenditure of the local budgets;

36. **local guarantee** – the commitment assumed by an authority of the local public administration against the crediting institution for paying a certain
amount to it, in case of not carrying out the payment obligations by the companies and public services in its subordination, for the internal and external loans guaranteed by that authority;

37. **tax** – the compulsory charging, without immediate counter-service, direct and non-reimbursable, for satisfying the necessities of general interest;

38. **public institutions** – generic denomination that includes the communes, towns, municipalities, sectors of Bucharest Municipality, counties, Bucharest Municipality, public institutions and services in their subordination, with legal personality, irrespective of the mode of financing their activity;

39. **loan** – the amount received from a creditor by an authority of the local public administration, reimbursable at a certain deadline (due date), with the payment of an additional amount (interest) in favor of the creditor;

40. **winding up of expenditure** – a stage in the process of budgetary execution in which the existence of the commitments is verified, the reality of the amount due is verified and established, the conditions of exigible commitment are verified, on the basis of the documents in proof that should attest the respective operations;

41. **ordering of expenditure** – a stage in the process of budgetary execution in which it is confirmed that the deliveries of goods and services have been carried out or other debts have been verified and that payment can be made;

42. **payment of expenditure** – a stage in the process of budgetary execution representing the final act by which the public institution is paying up its obligations to third parties;

43. **budgetary process** – consecutive stages of drawing up, approval, execution, control and reporting of the budget, that is closed with the approval of the annual account of its execution;

44. **program** – an activity or a coherent assembly of activities that refers to the same principal loan managers, designed to carry out an objective or a defined set of objectives and for which program indicators are established that should evaluate the results to be obtained, within the limits of the approved financing;

45. **local public debt register** – a document that records the position of the local public debt directly contracted for, in chronological order, and which has two components: the sub-register of the local internal public debt and the sub-register of the local external public debt;

46. **local guarantees register** – the document that records the position of the local guarantees granted by the local public administration authorities, in chronological order, and that has two components: the sub-register of the local internal guarantees and the sub-register of the local external guarantees;

47. **deducted amounts** – the part allocated to the territorial-administrative units from certain income of the state budget, in view of balancing their own budgets and the financing of certain decentralized activities or new public expenditure, in accordance with the provisions of the present emergency ordinance, of the law on state budget and of the law on its rectification;

48. **head of financial-accounting department** – the person holding the managing position of the financial-accounting department and who is responsible for the collection of the income and for the payment of the expenditure or, as the case may be, one of the persons that carries out these duties within a public institution which does not have in its structure a financial-accounting department or the person who carries out these duties on the basis of a contract, under the terms of the law;

49. **fee** – the amount paid by a natural or legal person for the services rendered to it by a public institution or a public service organized in the structure of a local public administration;
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correlation with the envisaged degree of collecting the budgetary income.

Budgetary authorization/Multi-annual commitments

Art. 4. – (1) By approving the budgets stipulated in art. 1 (2) the budgetary income and expenditure are authorized for the fiscal year, as the case may be.

(2) The approved amounts, for the expenditure part, by the budgets stipulated in art. 1 (2), within which payments are committed, ordered and made, represent the maximum limits, which cannot be exceeded.

(3) The committing of expenditure from these budgets shall be made only within the limits of the approved budgetary credits.

(4) The committing and the utilization of budgetary credits for other purposes than those approved shall bring about the responsibility of those guilty, under the terms of the law.

(5) For the multi-annual actions, the credits of commitment and the budgetary credits are, distinctly, listed in the budget.

(6) In view of carrying out the multi-annual actions, the loan managers shall conclude legal commitments, within the limit of the credits of commitments approved by budget for the respective budget year.

Income and expenditure of local budgets

Art. 5. – (1) The income of the local budgets is made of:

a) own incomes from: taxes, fees, contributions, other payments, other income, deducted quotas from certain income of the state budget, as well as those stipulated in art. 5(1) b)-d);

50. territorial-administrative units – the communes, towns, municipalities, sectors of Bucharest Municipality, counties and Bucharest Municipality;

51. payment – modality of redemption of a legal obligation, by transferring an amount of money, made by a company, a public institution, a public service or a financial institution;

52. budgetary income – the money resources that are due to the budgets stipulated in art. 1(2)a)-c), as the case may be, on the basis of legal provisions, made of taxes, fees, contributions, other payments, other income, deducted quotas from certain income of the state budget, as well as those stipulated in art. 5(1) b)-d);

53. transfer of budgetary credits – an operation by which the budgetary credit is diminished from a subdivision of the budgetary classification that has availability and another subdivision which has insufficient funds and is accordingly increased, by observing the legal provisions connected to the carrying out of the respective operations.

Budgetary income and expenditure

Art. 3. – (1) The income and expenditure stipulated in art. 1 (2), as well as the other income and expenditure posted apart from the local budget, cumulated at the level of the territorial-administrative unit, shall make the general budget of the territorial-administrative unit, which, after consolidation, by eliminating the transfers among budgets, shall reflect the dimension of the public financial effort in the territorial-administrative unit for that respective year, the state of balance or imbalance, as the case may be.

(2) The approved budgetary credits shall be utilized for the financing of the local public administration, programs, projects, activities, actions, objectives and others similar, in accordance with the purposes stipulated by law and other settlements, and shall be committed and used in strict
CHAPTER II
Principles, rules and responsibilities

Section I
Budgetary principles and rules

Principle of universality

Art. 7. — (1) The income and the expenditure shall be entirely included in the budget, in gross amounts.

(2) The budgetary income cannot be directly meant for certain budgetary expenditure, with the exception of donations and sponsorship which have distinct purposes.

Principle of publicity

Art. 8. — The budgetary process is open and transparent, this being achieved by:

a) publication in the local press or the posting at the headquarters of the respective local public administration authority of the draft local budget and of its annual execution account;

b) public debate of the draft local budget, on the occasion of its approval;

c) presentation of the annual execution account of the local budget in public sitting.

Principle of unity

Art. 9. — (1) The budgetary income and expenditure shall be recorded in a single document, in order to ensure the efficient utilization and monitoring of the local public funds.

(2) The retaining and utilization of income in extra-budgetary regime and the constituting of local public funds apart from the local budgets are forbidden, unless the law provides otherwise.

Principle of monetary unity

Art. 10. — All budgetary operations shall be expressed in the national currency.
Principle of annual reference

Art. 11. — (1) The budgetary income and expenditure shall be approved, under the terms of the law, for a period of one year, corresponding to the budgetary year.

(2) All the cash receipts and payment operations made during one budgetary year on the account of a budget belong to the corresponding year of execution of the budget thereof.

Principle of budgetary specialization

Art. 12. — The budgetary income and expenditure shall be recorded and approved per sources of origin and per categories of expenditure grouped according to their economic nature and purpose.

Principle of balanced budget

Art. 13. — The expenditure of a budget shall be fully covered from the income of the budget thereof.

Budgetary rules

Art. 14. — (1) The making of payments directly from the collected income is forbidden, except for the cases in which the law stipulates otherwise.

(2) The budgetary expenditure have precise and limited destination and shall be determined by the authorizations contained in specific laws and in the annual budgetary laws.

(3) No expenditure could be included in the budgets stipulated in art. 1 paragraph (2) and it cannot be committed and made from these budgets, if there is no legal basis for the expenditure thereof.

(4) No expenditure from the local public funds could be committed, ordered and paid if it is not approved according to law and does not have budgetary provisions and financial sources.

(5) After the approval of the local budgets, statutory instruments implying on them can be approved, but with the mentioning of the covering sources for the diminished income or for the increase in the budgetary expenditure related to the budgetary year for which the respective local budgets were approved.

Section 2

Competencies and responsibilities in the budgetary process

Approval and rectification of budgets

Art. 15. — (1) The local budgets and the other budgets stipulated in art. 1 (2) shall be approved as follows:

a) the local budgets, the budgets of external and internal loans and the budgets of non-reimbursable external loans, by the local, county councils and the General Council of Bucharest Municipality, as the case may be;

b) the budgets of the public institutions, integrally or partly financed from local budgets, by the councils stipulated in point a), according to their subordination;

c) the budgets of the public institutions, integrally financed from own income, including their rectification, by the management of the institution, with the advice of the principal loan manager.

(2) During the budgetary year the local councils, county councils and the General Council of Bucharest Municipality, as the case may be, may approve the rectification of the budgets stipulated in art. 1a) and b), within 30 days of the date of coming into force of the rectification law of the state budget, as well as a result of certain substantiated proposals of the principal loan manager. The rectification of the local budgets shall be applied the same procedures as to the their initial approval, except for the terms in the budgetary calendar.

Role, competencies and responsibilities of local public administration authorities

Art. 16. — The local public administration authorities have the following competencies and responsibilities as regards the local public finance:
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Art. 17. — (1) The loan managers are of three categories: principal loan managers, secondary loan managers and tertiary loan managers.

(2) The principal loan managers of the local budgets are the presidents of the county councils, the mayor general of Bucharest Municipality and the mayors of the other territorial-administrative units.

(3) The principal loan managers may delegate this capacity to the substitutes by law or to other persons authorized in this respect. Through the document of delegation the principal loan managers shall stipulate the limits and the conditions of the delegation.

(4) The managers of public institutions with legal personality, which are allocated funds from the budgets stipulated in art. 1 (2), are secondary or tertiary loan managers, as the case may be.

Art. 18. — (1) The principal loan managers shall analyze the mode of utilization of the budgetary credits approved by local budgets and by the budgets of the public institutions, whose managers are secondary or tertiary loan managers, as the case may be, and approve the carrying out of the expenditure in the own budgets, by observing the legal provisions.

(2) The secondary loan managers shall distribute the approved budgetary credits in accordance with art. 15 (1b), for the own budget and for the budgets of the public institutions, whose managers are tertiary loan managers, and approve the carrying out of other duties, competencies and responsibilities stipulated by the legal provisions.

Categories of loan managers

Role of loan managers
of the expenditure in the own budgets, by observing the legal provisions.

(3) The tertiary loan manager utilize the budgetary credits distributed to them only for the carrying out of the duties of the units they manage, according to the provisions in the approved budgets and under the terms established by the legal provisions.

**Responsibilities of loan managers**

**Art. 19.** — (1) The loan managers are obliged to commit and to utilize the budgetary credits only within the limit of the approved provisions and destinations, for expenditure strictly connected to the activity of the respective public institutions and with the observance of the legal provisions.

(2) The loan managers are responsible for:

a) the elaboration and substantiation of the own draft budget;

b) the pursuing of the way of accomplishing the income;

c) the committing, liquidation and ordering of expenditure within the limits of the approved budgetary credits and of the budgetary income to collect possibly;

d) the integrity of the goods found in the property or administration of the institution they manage;

e) the organizing and updating of the accountancy and the submitting on time of the financial statements on the position of the assets found in administration and on the budgetary execution;

f) the organizing of the monitoring system for the program of public acquisitions and of the program of public investments;

g) the organizing of programs record, including the indicators related to them;

h) the organizing and keeping up-to-date of the assets' record, according to the legal provisions;

i) other duties established by the legal provisions.

**Own preventive financial control, internal public auditing and subsequent control**

**Art. 20.** — (1) The own preventive financial control and the internal public auditing shall be exercised on all the operations that affect the public funds and/or the public and private assets and shall be exercised according to the legal provisions in the field.

The loan manager shall approve the committing, liquidation and ordering of expenditure from public funds, and their payment shall be made by the accountant, except for the provisions of art. 50 (7).

(3) The committing and the ordering of the expenditure shall be made only with the prior visa of the own preventive financial control, according to the legal provisions.

(4) The formation and the utilization of the local public funds and the execution account of the local budgets shall be subjected to the control of the Court of Audit, according to law.

**CHAPTER III**

**The budgetary process**

**Section 1**

**Procedures regarding the elaboration of budgets**

**Art. 21.** — The draft budgets stipulated in art. 1(2) shall be elaborated by the loan managers, taking into account:

a) the prognoses of the main macro-economic and social indicators, for the budgetary year for which the draft budget is elaborated, as well as for the following 3 years, elaborated by the authorized bodies;

b) the fiscal and budgetary policies, national and local;

c) the provisions of the agreements of internal and external loans concluded, of the financing memoranda or of other international agreements, signed and/or ratified;
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6. The programs shall be approved as annexes to the budgets stipulated in art. 1 (2).

7. The non-reimbursable external funds and the internal and external loans shall be included in annexes to the local budgets and shall be approved at the same time.

8. The income of the local budgets are stipulated in annex No. 1, and their expenditure in annex No. 2.

Competencies in establishing local taxes and fees

Art. 23. — The local taxes and fees shall be approved by the local, county councils and by the General Council of Bucharest Municipality, as the case may be, within the limits and under the terms of the law.

Regime of the amounts resulting from capitalizing the fixed means and certain material goods, as well as of the amounts collected from the granting or leasing of certain goods or from capitalizing certain confiscated goods

Art. 24. — (1) The amounts collected from the sale as such or from capitalizing the materials resulting from demolition, dismemberment or closing down, under the terms stipulated by law, of certain fixed means or from the sale of certain material goods that belong to public institutions, fully financed from the local budgets, shall constitute income of local budgets and shall be paid to them.

(2) The amounts collected according to paragraph (1) by the other public institutions shall constitute income to their budgets.

(3) The amounts collected from the granting or from leasing of certain goods belonging to the public or private field of the territorial-administrative units shall constitute income to the local budgets.

(4) The amounts collected from capitalizing the confiscated goods shall become income to the local budget, subject to the subordination of the institutions that ordered their confiscation, under the terms of the law.
Regime of the amounts resulting from the sale of certain goods belonging to private domain

Art. 25. — The amounts collected from the sale, under the terms of the law, of certain goods belonging to the private domain of the territorial-administrative units shall constitute income to the local budgets.

Special fees for the functioning of certain local public services

Art. 26. — (1) For the functioning of certain local public services, set up in the interest of natural and legal persons, the local councils, county councils and the General Council of Bucharest Municipality, as the case may be, shall approve special fees.

(2) The quantum of the special fees shall be established annually, and the income obtained from them shall be utilized entirely for the covering of the expenditure made for the setting up of the local public services, as well as for the financing of the maintenance and functioning expenditure of these services.

(3) The conditions and the sectors of activity in which special fees may be instituted, the mode of organization and functioning of the public services for which the fees thereof are proposed, the modalities of consulting and of obtaining the agreement of the natural and legal persons beneficiaries of the respective services shall be established by the regulations approved by the local and county councils and by the General Council of Bucharest Municipality, as the case may be.

(4) The decisions made by the local and county councils and by the General Council of Bucharest Municipality, as the case may be, in connection with the levying of special fees from the payers, natural and legal persons, shall be posted at their headquarters or shall be published in the press.

(5) The interested persons may submit contestation against these decisions within 15 days of their posting or publication. After the expiry of this term the council that adopted the decision shall meet and deliberate over the received contestations.

(6) The special fees shall be collected only from the natural and legal persons that use the local public services for which the respective fees were instituted.

(7) The special fees, instituted in accordance with the provisions of the present article, shall be collected in a distinct account, opened apart from the local budget, being utilized for the purposes for which they were set up, and their execution account shall be approved by the local and county council or by the General Council of Bucharest Municipality, as the case may be.

Activities of economic nature

Art. 27. — (1) The public services of local interest that carry out activities of economic nature are obliged to calculate, register and recuperate the physical and moral depreciation of the fixed means related to these activities, by tariff or price, according to law.

(2) The amount representing the depreciation calculated for these fixed means shall be collected in a single distinct account, opened with the state treasury units, apart from the budget, and shall be utilized for making investments in the domain thereof and shall be distinctly recorded in the investment program, as a source of financing for them.

(3) The activities of economic nature, for which the depreciation of the fixed means is calculated, shall be established by decision of the Government.

Deducted quotas from the income tax

Art. 28. — (1) From the income tax, collected by the state budget at the level of each territorial-administrative unit, within 5 working days of the end of the month in which this tax was collected, a
quota of 36% shall be allocated monthly, to the local budgets of the communes, towns and municipalities, on the territory of which the tax payers are carrying on their activity, 10% to the own budget of the county and 17% to a distinct account, opened on account of the county council for the balancing of the local budgets of the communes, towns, municipalities and county.

(2) In execution, the quota of 17% shall be allocated to the specialized directorates in the own apparatus of the county councils, within 5 working days of the collection, for the balancing of the local budgets of the communes, towns, municipalities and county, proportionally with the amounts distributed and approved for that purpose in the respective budgets, in accordance with the provisions of art. 29 (5).

(3) The quota of 63% from the income tax, for the Bucharest Municipality, shall be distributed, within the term stipulated in paragraph (1), as follows: 18% to the local budgets of the sectors of Bucharest Municipality, 36.5% to the own budget of Bucharest Municipality and 8.5% to a distinct account, opened for the General Council of Bucharest Municipality for the balancing of the local budgets of the sectors and Bucharest Municipality.

(4) In execution, the quota of 8.5% shall be allocated by the specialized directorate in the own apparatus of the General Council of Bucharest Municipality, within 5 working days of the collecting, for the balancing of the local budgets of the sectors and of Bucharest Municipality, proportionally with the amounts distributed and approved in the budgets thereof, according to the provisions of art. 29(5).

In special cases, through the state budget law, the deducted quotas from the income tax may be increased.

(6) The transferring operations of the quotas due from the income tax, stipulated in paragraphs (1) and (3), shall be made by the Ministry of Public Finance through the general directorates of public finance.

(7) The taxes and fees payers that have organized stable work points with minimum 5 employees are obliged to request their fiscal registration, as payers of income tax from salaries, to the fiscal organ in the territorial radius of which the work point is located. The request shall be made within 15 days from the date of setting up, for the newly set up work points. The taxes and fees payers stipulated in this paragraph are obliged to organize the corresponding accounting for the determination of the income tax from salaries calculated, retained and paid.

**Amounts deducted from certain income of the state budget**

**Ar. 29.** – (1) To finance the public expenditure stipulated in art. 6, as well as to balance the local budgets of the territorial-administrative units, through the law on state budget, deducted amounts shall be approved from certain income the state budget per the county, as a whole, and Bucharest Municipality.

(2) The deducted amounts from certain income of the state budget, meant for the balancing of the local budgets, shall be distributed per counties, according to the following criteria:

a) the financial power calculated according to the income tax collected per inhabitant, in a proportion to 70% of the deducted amounts;

b) the area of the county, in a proportion to 30% of the deducted amounts.

(3) Out of the deducted amounts from certain income of the state budget for the balancing of the local budgets, approved annually through the law on state budget, and out of the quota of 17% stipulated in art. 28 (2), a quota of 25% shall be allocated to the own budget of the county, and the balance shall be
distributed per communes, towns and municipalities by decision of the county council, after consultation of the mayors and with the technical assistance of specialty of the general directorate of public finance, according to the following criteria:

a) the financial power calculated on the basis of the income tax collected per inhabitant, in proportion to 50%;

b) the area of the territorial-administrative unit, in proportion to 50%;

c) the population of the territorial-administrative unit, in proportion to 25%;

d) other criteria established by decision of the county council, in proportion to 15%, that should ensure with priority the sustaining of the programs with external financing, which need local co-financing.

(4) The consultation of the mayors shall be made by a commission constituted at the level of each county, made of:

a) the president of the county council, in capacity as representative of the National Union of County Councils in Romania;

b) the prefect of the county;

c) the representative in the respective county, designated by the Associations of the Municipalities in Romania;

d) the representative in the respective county, designated by the Association of the Towns in Romania;

e) the representative in the respective county, designated by the Associations of the Communes in Romania;

f) the general director of the general directorate of the county public finance.

(5) For Bucharest Municipality, out of the quota of 8.5% stipulated in art. 28 (4) a quota of 25% shall be allocated for the own budget of Bucharest Municipality, and the balance shall be distributed per the sectors of Bucharest Municipality, after consulting the sector mayors and with the technical assistance of the general directorate of public finance, according to the same criteria stipulated in paragraph (5).

**Fundable transfers for local budgets**

**Art. 50.** — (1) The transfers from the state budget to the local budgets shall be granted for investments financed from external loans in the implementation of which the Government contributes as well, according to law, and shall be approved annually, in global position, through the law on state budget.

(2) From the state budget, through the budgets of certain principal loan managers thereof, as well as from other budgets transfers may be granted to the local budgets for the financing of certain development or social programs, of national, county or local interest.

**Collaboration, co-operation, association, union, joining**

**Art. 51.** — (1) The local and county councils and the General Council of Bucharest Municipality, as the case may be, may approve the collaboration or the association for the carrying out of certain local public works and services. The collaboration or the association shall be achieved on the basis of conventions or contracts of association, in which the sources of financing representing the contribution of each authority of the local public administration involved, are stipulated. The conventions or contracts of association shall be concluded by the principal loan managers, under the conditions of the mandates approved by each council involved in the collaboration or association.

(2) The local councils, the county ones and the General Council of Bucharest Municipality, as the case may be, may decide on the participation with capital or goods, in the name and the interest of the local collectivities they represent, in the constituting of trading companies or in the setting up of certain services of local or county interest, as the case may be, under the terms of the law.
(3) The necessary funds for applying the provisions of paragraphs (1) and (2) shall be ensured from the local budgets.

(4) The financial obligations resulting from agreements of co-operation, unity, as well as from joining internal or international associations of the local public administration authorities, decided by the local and county councils and by the General Council of Bucharest Municipality, as the case may be, under the terms of the law, shall be covered from their local budgets.

Budgetary reserve fund

Art. 32. — (1) In the local budgets there shall be recorded the budgetary reserve fund at the disposal of the local and county councils and of the General Council of Bucharest Municipality, as the case may be, in a quota of up to 5% of the total expenditure. This shall be utilized upon the proposals of the principal loan managers, on the basis of decisions of the respective councils, for the financing of certain urgent or unexpected costs coming up during the budgetary year, for the removal of the effects of certain natural calamities, as well as for the granting of certain assistance to the territorial-administrative units in cases of extreme difficulty.

(2) The budgetary reserve fund stipulated in paragraph (1) may be increased, during the year, with the approval of the local and county council and of the General Council of Bucharest Municipality, as the case may be, out of the available funds from budgetary credits that are no longer necessary until the end of the year.

Section 2
Budgetary calendar

Frame-letter. Limits of amounts deducted from certain income of the state budget and of fundable transfers

Art. 33. — (1) The Ministry of Public Finance shall transmit to the general directorates of public finance, until the date of June 1 of each year, a frame-letter that shall specify the macro-economic context on the basis of which there shall be drawn up the draft budgets, the methodologies of their elaboration, the limits of the deducted amounts from certain income of the state budget and of the fundable transfers stipulated in art. 50(1), in the county and Bucharest Municipality on the whole, as the case may be, in view of elaborating the draft budgets stipulated in art. 1 (2) by the loan managers.

(2) The principal loan managers of the state budget or of other budgets, in whose budgets transfers to local budgets are stipulated, shall transmit to the authorities of the local public administration the due amounts, within 10 days of the receipt of the limits of approved expenditure by the Government, in view of including them in the draft budget.

(3) The distribution by territorial-administrative units of the limits of the amounts deducted from certain income of the state budget meant for the balancing of the local budgets shall be achieved under the provisions of art. 29.

Budget proposals of the principal loan managers

Art. 34. — The principal loan managers, on the basis of the amounts received according to the provisions of art. 33, shall elaborate and submit to the general directorate of public finance, until the date of July 1, the drafts of the balanced local budgets and the annexes to them, for the next budgetary year, as well as the estimations for the next 5 years, so that these can transmit the drafts of the local budgets of the county and Bucharest Municipality, on the whole, to the Ministry of Public Finance, until the date of July 15 of each year.

Approval and centralization of local budgets

Art. 35. — (1) Within 5 days of the publishing in the Official Gazette of Romania, Part I, of the law on
state budget, the Ministry of Public Finance shall transmit to the general directorates of public finance the deducted amounts from certain income to the state budget and the fundable transfers, approved through the law on state budget.

(2) The county councils and the General Council of Bucharest Municipality, shall, under the terms of the law, distribute per territorial-administrative units, within 5 days of communication, the deducted amounts from certain income of the state budget, as well as the fundable transfers, in view of finalizing the draft budgets by the principal loan managers.

(3) On the basis of the own income and of the amounts distributed in accordance with paragraph (2), the principal loan managers shall, within 15 days of the publishing of the law on state budget in the Official Gazette of Romania, Part I, finalize the draft local budget, that shall be published in the local press or shall be posted at the headquarters of the territorial-administrative unit. The inhabitants may submit contestations regarding the draft budget within 15 days of the date of its publishing or posting.

(4) Within 5 days of the expiry of the term for the submitting of contestations stipulated in paragraph (3), the draft local budget, accompanied by the report of the mayor, of the president of the county council or of the mayor general of Bucharest Municipality, as the case may be, and by the contestations submitted by the inhabitants, shall be submitted for approval by the local or county councils or by the General Council of Bucharest Municipality, as the case may be, by the principal loan managers.

(5) The local or county councils and the General Council of Bucharest Municipality, as the case may be, within 10 days maximum of the date of submitting the draft budget for approval according to paragraph (4), shall reach a decision on the contestations and shall adopt the local budget, after it was voted per chapters, sub-chapters, titles, articles, as well as indented lines, as the case may be, and per annexes.

(6) The draft budgets stipulated in art. l(2) shall be approved by the local or county councils and by the General Council of Bucharest Municipality, as the case may be, within maximum 45 days of the date of publication of the law on state budget in the Official Gazette of Romania, Part I.

(7) In case the local or county councils or the General Council of Bucharest Municipality, as the case may be, do not approve the draft local budgets within the term stipulated in paragraph (6), the general directorates of public finance shall order the cessation of supply with quotas and deducted amounts from certain income to the state budget and with fundable transfers, until their approval by the local or county councils or by the General Council of Bucharest Municipality, as the case may be. In such case, payments from the local budgets may be made only within the limits of the other collected income.

(8) The principal loan managers have the obligation to transmit to the general directorates of public finance the approved local budgets, under the conditions of the present emergency ordinance, by the local or county councils and by the General Council of Bucharest Municipality, as the case may be, within 5 days of their approval. The general directorates of public finance, shall, within 10 days, draw up and transmit to the Ministry of Finance the budget of each county, and of Bucharest Municipality, on the whole, grouped within each county and Bucharest Municipality, per communes, municipalities, sectors of Bucharest Municipality and the own budget, in the structure of the budgetary classification.

Budgetary process in case of non-approval of the state budget by Parliament

Art. 56. — (1) If the state budget was not adopted by at least 3 days before the expiry of the budgetary
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principal loan managers, which shall be presented as an annex to the initial budget and rectified, respectively, and shall be approved by the local or county council and the General Council of Bucharest Municipality, as the case may be.

Information on the public investment programs

Art. 38. — (1) The principal loan managers of the local budgets shall draw up, annually, the public investment program, according to the functional classification.

(2) For each objective included in the investment program, financial and non-financial information shall be presented.

(3) The financial information shall include:
   a) the total value of the project;
   b) the commitment credits;
   c) the budgetary credits;
   d) the financing graph, per sources and years, correlated with the execution graph;
   e) the cost-benefit analysis, that will be achieved as well in the case of the objectives in progress;
   f) the functioning and maintenance costs after commissioning.

(4) The non-financial information shall include:
   a) the strategy in the field of investments that shall compulsorily include the investment priorities and the relation between the different projects, the analysis criteria that determine the including in the investment program of the new objectives, to the detriment of the ones in progress;
   b) the description of the program;
   c) the physical stage of the objectives.

Methodological role of the Ministry of Public Finance

Art. 39. — The Ministry of Public Finance is authorized to establish the contents, form and the information referring to the investments necessary in the process of budget elaboration.
Approval of local public investment projects

Art. 40. — (1) The technical-economic documentation of the new investment objectives, whose financing is ensured fully or in completion from local budgets, as well as of those financed from internal and external loans, contracted for directly or guaranteed by the local public administration authorities, shall be approved by the local and county councils and by the General Council of Bucharest Municipality, as the case may be.

(2) The technical-economic documentation of the new investment objectives, that are financed from external loans and, in completion, from the transfers from the state budget and from other sources, as well as of those financed fully or in completion from external loans contracted for or guaranteed by the state, irrespective of their value, shall be submitted to the Government for approval.

(3) The technical-economic documentation for the investment meant for the prevention or removal of the effects caused by accidental actions and by natural calamities, elaborated and advised according to the legal provisions, as well as the substantiation papers regarding the other investment expenditure contained in the global position of “other investment expenditure” shall be approved by the principal loan managers.

(4) The principal loan managers, on their own account, shall update and approve the value of each investment objective, new or in progress, irrespective of the financing sources or the competency for their approval, according to the development of the price ratio. This operation shall be subjected to the own preventive financial control.

Conditions for including investments in the draft budget

Art. 41. — (1) The investment objectives and the other expenditure assimilated to investments shall be included in the annual investment program, annex to the budget, only if, before that, the technical-economic documentation, namely the substantiation papers regarding the need and the opportunity of making the expenditure assimilated to investments, have been elaborated and approved according to the legal provisions.

(2) The principal loan managers shall establish the priorities in the distribution of the amounts per each objective included in the investment program, within the limits of the funds contained in the draft budget for that purpose, ensuring, at the same time, the implementation of the investment objectives for the duration of the approved execution.

Structure of local public investment programs

Art. 42. — (1) In the investment programs, there are nominated the investment objectives grouped on: further investments, new investments and the global position of “other investment expenditure”, per investment categories.

(2) The global position “other investment expenditure” shall include the following categories of investments:

- acquisitions of buildings;
- independent endowments;
- expenditure for the elaboration of pre-feasibility studies, of feasibility studies, designs and other studies related to the investment objectives;
- expertise expenditure, designing and execution regarding the consolidations and the interventions for the prevention or removal of the effects produced by accidental actions and natural calamities – earthquakes, flooding, landslips, land collapsing and settling, fires, technical accidents, as well as the expenditure connected to the carrying out of these investments;
- drilling work, mapping of the terrain, photogrammetry, seismic determination, consulting, technical assistance and other expenditure assimilated to investments, according to law.

(3) The investment expenditure stipulated in paragraph (2) shall be detailed in the distinct annex
by the principal loan manager, on the basis of substantiation notes, that should include elements regarding the necessity, opportunity and other indicators characteristic to such investments, and shall be approved by the local or county council and by the General Council of Bucharest Municipality, as the case may be, at the same time as the local budget.

International agreements connected to local public investments

Art. 43. – All the legal commitments from which results expenditure for public investments and other expenditure assimilated to investments, co-financed by an international institution, shall be made in accordance with the provisions of the financing agreement.

Monitoring of the investment projects by the principal loan managers

Art. 44. – (1) In case during the budgetary execution, for objective reasons, the implementation of an investment project cannot be carried out in accordance with the budgetary forecast, the principal loan managers of the local budgets may propose to the local or county councils and to the General Council of Bucharest Municipality, as the case may be, until the date of October 31, the approval for the redistribution of the funds among the projects included in the investment program.

(2) The principal loan manager shall be responsible for the efficient utilization of the funds allocated to investments, as well as for the implementation of the investment objectives included in the investments programs.

Section 4
Budgetary execution

Principles in budgetary execution

Art. 45. – (1) Through the budgets stipulated in art. 1(2), the income and budgetary credits shall be included and approved in the structure of the budgetary classification, as the case may be.

(2) The approved budgetary credits shall be authorized for the duration of the budgetary year.

(3) The approved expenditure on personnel cannot be increased by transfers of budgetary credits.

(4) The transfers of budgetary credits from one chapter to another chapter of the budgetary classification and from one program to another shall be approved by the local or county council and by the General Council of Bucharest Municipality, as the case may be, on the basis of the corresponding justifications of the principal loan managers, and can be made before incurring the expenditure.

(5) The transfers of budgetary credits, under the terms of the provisions of paragraphs (4) and (5), may be made starting from the 3rd quarter of the budgetary year.
Distribution per quarters of the budgetary income and expenditure

**Art. 46.** — (1) The income and expenditure approved in the budgets stipulated in art. 1(2) shall be distributed per quarters, according to the legal terms of cashing the income and to the period necessary for making the expenditure.

(2) The distribution per quarters of the budgetary income and expenditure shall be approved by:

a) The Ministry of Public Finance, for the amounts deducted from certain income of the state budget and for the transfers from that budget, stipulated in art. 30 (1), on the basis of the proposals of the principal loan managers of the local budgets, transmitted by the general directorates of public finance, within 20 days of the date of publication of the law on the state budget in the Official Gazette of Romania, Part 1. The amounts thus approved shall be distributed per territorial-administrative units by the general directorates of public finance;

b) The principal loan managers of the local budgets, for the budgets stipulated in art. 1 (2), within 15 days of the approval of the amounts stipulated in point a).

(3) The distribution per quarters of the transfers stipulated in art. 30(2) shall be communicated to the local public administration authorities by the principal loan managers of the state budget or of other budgets, within 10 days of the approval by the Ministry of Public Finance of the distribution per quarters of the budgetary credits of those budgets.

Granting of budgetary credits

**Art. 47.** — (1) The budgetary credits approved through the local budgets may be used by granting credits made by the principal loan managers, within the limits of the approved amounts, according to the destination established and with the observance of the legal provisions that regulate the making of the respective expenditure.

(2) The granting of budgetary credits for the transfers from the state budgets or from other budgets to the local budgets, within the limits stipulated in the respective budgets, shall be made by the Ministry of Public Finance, for those stipulated in art. 30 (1), through the general directorates of public finance, at the request of the principal loan managers of local budgets, according to the demands of budgetary execution, with the observance of the destination, or by the other principal loan managers, for the transfers stipulated in art. 50 (2).

(3) The making of the budgetary expenditure shall be made only on the basis of justifying documents, that should confirm the contractual commitments or those in the conventions, the receipt of material goods, the provision of services, the execution of works, the payment of salaries and of other money rights, the payment of the budgetary obligations, as well as of other obligations.

Transfer of duties to the local public administration authorities

**Art. 48.** — (1) If, during the budgetary year, on the basis of the legal provisions, institutions, actions or duties pass into the financing by the local public administration authorities, the Ministry of Public Finance shall be authorized to introduce the corresponding modifications in the volume and the structure of the state budget, without harming the balance in the budget.

(2) The local and county councils, and the General Council of Bucharest Municipality, as the case may be, shall approve the modifications made according to paragraph (1) in the structure of the own budgets and those of the subordinated public institutions, respectively.

Non-reimbursable external funds

**Art. 49.** — (1) The budgetary credits related to the non-reimbursable external funds shall have a
predictable character and shall be carried on in accordance with the agreements concluded with the external partners.

(2) The non-reimbursable external funds shall be cashed in a distinct account outside the local budget and shall be spent only within the limits of the existing available funds in this account and for the purpose for which they were granted.

**Budgetary execution**

**Art. 50.** — (1) In the process of budgetary execution the budgetary expenditure cover the following stages: undertaking, liquidation, order to pay, payment.

(2) The budgetary execution in towns, municipalities, sectors of Bucharest Municipality, counties and Bucharest Municipality shall be based on the principle of separating the duties of the persons that are loan managers from the duties of the persons that are accountants.

(3) The specific operations for the commitment, liquidation and ordering of expenditure shall be within the competence of the loan managers and shall be carried out on the basis of the advice of the specialty departments of the public institutions.

(4) The payment of the expenditure shall be provided by the head of the financial-accounting department within the limits of the available funds.

(5) The instruments of payment must be accompanied by the justifying documents. These documents must certify the accuracy of the amounts to be paid, the receipt of the goods and the carrying out of the services and others similar, according to the legal agreements concluded. The accountant and the head of the financial-accounting department shall sign the instruments of payment.

(6) The making of the payments, within the limits of the approved budgetary credits, shall be done only on the basis of justifying documents, drawn up in accordance with the legal provisions, and only after they had been undertaken, liquidated and ordered.

(7) The payment of the expenditure in communes and public institutions in which the financial-accounting department has less than 5 persons shall be achieved by the loan managers and by the person authorized with financial-accounting duties, but with the observance of the methodological norms regarding the organization, record and reporting of the budgetary and legal agreements.

(8) For certain categories of expenditure advance payments of up to 30% may be made, under the terms of the legal provisions.

(9) The amounts representing advance payments, made according to paragraph (8) and unjustified by delivery of goods, works executed and services provided, until the end of the year, under the terms of the contractual provisions, shall be recovered by the public institutions that granted the advance and shall be returned to the budget from which they were advanced.

(10) In the case of non-delivery of goods, not carrying out of the works and services undertaken for which advance payments were made, the recovery of the amounts by the public institution shall be made by charging the interest and penalties for delay at the level of those existing for the budgetary income, calculated for the period since they had been granted and until they were recovered.

(11) The cases expressly regulated by legal provisions are an exception to the provisions of paragraph (9).

**Payment of salaries**

**Art. 51.** — (1) The salaries in public institutions to which are applied the provisions of the present emergency ordinance shall be paid once a month, during the period 5 – 15 of each month, for the preceding month.
(2) The scheduling of the payments per days, for the principal loan managers and the institutions and public services in their subordination, shall be made by the general directorate of public finance, upon the proposal of the principal loan managers.

(3) The principal loan managers shall draw up financial situations on the budgetary execution, which shall be submitted to the general directorates of public finance; after verification, these loan managers shall draw up and submit to the Ministry of Public Finance centralized financial situations regarding the execution of the budgets stipulated in art. 1 (2), at the terms and according to the norms established by this.

(4) The annual financial situations, including annexes, shall be submitted for approval by the principal loan managers to the local or county councils and to the General Council of Bucharest Municipality, as the case may be.

The regime of unutilized budgetary credits by the loan managers

Art. 52. — (1) The principal loan managers have the obligation to analyze monthly the need to maintain certain budgetary credits for which, on the basis of certain legal provisions or for other reasons, the duties were cancelled or postponed, and to propose to the local and county councils and to the General Council of Bucharest Municipality, as the case may be, the cancellation of the respective credits.

(2) For the last month of the budgetary year, the time limit for applying the provisions of paragraph (1) is December 10.

(3) The budgetary reserve fund at the disposal of the local or county council, or of the General Council of Bucharest Municipality, as the case may be, shall be increased with the budgetary credits cancelled under the terms of paragraph (1).

The annual execution account

Art. 53. — (1) The principal loan managers shall draw up and submit for approval to the local or county council and to the General Council Of Bucharest Municipality, as the case may be, until the date of May 31 of the following year, the annual execution accounts of the budgets stipulated in art. 1 (2), in the following structure:

- a) for income: the initial budgetary provisions; the final budgetary provisions; the collection made;
- b) for expenditure: the initial budgetary credits; the final budgetary credits; payments made.

(2) Quarterly, and annually, the principal loan managers shall draw up financial situations on the budgetary execution, which shall be submitted to the general directorates of public finance; after verification, these loan managers shall draw up and submit to the Ministry of Public Finance centralized financial situations regarding the execution of the budgets stipulated in art. 1 (2), at the terms and according to the norms established by this.

(3) The principal loan managers are obliged to draw up and annex to the annual financial situations annual performance reports, in which to present, per each program, the objectives, the estimated and the achieved results, the ratios and the associated costs, as well as situations regarding the legal commitments.

(4) The annual financial situations, including annexes, shall be submitted for approval by the principal loan managers to the local or county councils and to the General Council of Bucharest Municipality, as the case may be.

The budget surplus or deficit

Art. 54. — (1) The annual surplus of the local budget, resulting at the closing of the budgetary year, after making the equalization within the limits of the deducted amounts from certain income of the state budget stipulated in art. 6 point a), and of those excepted in point b), as well as within the limits of the fundable transfers from the state budget or from other budgets, shall be utilized, in order, for:

- a) the reimbursement of the potential problem loans; payment of interest, commissions, expenses and of other related costs;
- b) the setting-up of the working capital.
(2) The available funds of the working fund shall bear interest, shall be kept in a distinct account, opened for each territorial-administrative unit, with the territorial units of the state treasury, outside the local budget, and may be utilized, temporarily, for covering the cash deficit deriving from discrepancies between the income and expenditure of the current year, as well as for the definitive covering of the potential budgetary deficit resulting at the end of the budgetary year.

(3) The working fund may also be utilized for the financing of certain investments within the competence of the local public administration authorities or for the development of the local public services in the interest of the community.

(4) The utilization of the working fund under the terms of paragraphs (2) and (3) and its execution account shall be approved by the local or county council and by the General Council of Bucharest Municipality, as the case may be, outside the local budget.

Cash execution of the local budget

Art. 55. — (1) The cash execution of the budgets stipulated in art. 1 (2) shall be made through the territorial units of the state treasury, being posted in distinct accounts:

a) the budgetary income collected per structure of budgetary classification;

b) the making of the payments ordered by the authorized persons of the public institutions, within the limits of the budgetary credits and of the purposes approved according to the legal provisions;

c) the making of the collection and payments regarding the internal and external public debt resulting from the loans contracted or guaranteed by the state, as well as those contracted or guaranteed by the local public administration authorities, including those regarding the reimbursement of the installments on due date and the payment of the interest, commissions, expenses and other related costs;

d) the making of other financial operations on the account of the local public administration authorities;

e) the keeping of the available funds representing non-reimbursable external funds or their equivalent value in lei, received on the basis of government agreements and understandings and from international bodies, and their utilization according to the approved budgets;

f) other financial operations stipulated by law.

(2) For the contracted loans, others than those from the available funds of the general current account of the state treasury, the local public administration authorities may open accounts with commercial banking societies, in view of their carrying on.

(3) During the execution, the allocation of the amounts deducted from certain revenues of the state budget shall be made monthly by the general directorates of public finance, on the basis of the substantiation submitted by the principal loan managers.

Principles of closing the budgetary execution

Art. 56. — (1) The budgetary execution shall close on the date of December 31 of each year.

(2) Any income non-collected and any expenditure undertaken, liquidated and ordered, within the budgetary provisions, and unpaid until the date of December 31 shall be cashed or paid, as the case may be, on the account of the budget for the next year.

(3) The budgetary credits unutilized until the closing of the year shall be cancelled by right.

(4) The available funds from the non-reimbursable external loans and those from the public funds meant for the co-financing of the financial contribution of the European Community, remained at the end of the budgetary year in the accounts of
the implementation structures, shall be carried forward to the next year with the same purpose.

(5) The funds provided for in paragraph (4) shall be utilized under the terms of the present emergency ordinance and in accordance with the agreements concluded with the external partners.

CHAPTER IV
Loans

Approval of loans

Art. 57. — (1) The local and county councils and the General Council of Bucharest Municipality, as the case may be, may approve the contracting or the guaranteeing of internal and external loans, on short, medium and long term, for the achievement of public investments of local interest, as well as for the re-financing of the local public debt.

(2) The local and county councils and the General Council of Bucharest Municipality, as the case may be, shall decide, upon the proposal of the principal loan manager, the contracting or the guaranteeing of loans, with the vote of at least two thirds of the number of members they are made of.

(3) The local and county councils and the General Council of Bucharest Municipality, as the case may be, may approve the commitment of internal loans without state guarantee, on condition to inform first the Ministry of Public Finance.

(4) The external loans shall be contracted directly and shall be guaranteed by the local public administration authorities only with the advice of the committee authorizing of these loans, the composition and functioning of which shall be approved by decision of the Government.

(5) The local public administration authorities may also benefit from external loans contracted or guaranteed by the state, under the terms of the law.

Local public debt

Art. 58. — (1) The local public debt represents a general obligation that must be reimbursed, according to the agreements concluded, from the own income of the territorial-administrative unit, stipulated in art.5 (1) a).

(2) The instruments of the local public debt are: 
a) securities;
b) loans from the commercial banking societies or from other credit institutions.

(3) The issuing and launching of securities of value may be done directly by the local public administration authorities or through certain agencies or other specialized institutions.

(4) The total value of the debt contracted by the local public administration authority shall be recorded in the register of the local public debt of that authority and shall be reported annually through the financial statements.

(5) The register of the local public debt shall include information that should specify the total amount of the local public administration authorities' debts, as well the itemization of the debts and other information established through methodological norms regarding the register of the local public debt, issued by the Ministry of Public Finance.

(6) The total value of the guarantees issued by the local public administration authority shall be recorded in the register of local guarantees of that authority and shall be reported annually through the financial statements.

(7) The register of the local guarantees shall include information that should specify the total amount of the guarantees issued by the local public administration authority, as well as the itemization of the guarantees and other information established through methodological norms regarding the register of the local guarantees, issued by the Ministry of Public Finance.
(8) After the contracting and/or the guaranteeing of internal and/or external loans, the local public administration authorities are obliged to transmit to the Ministry of Public Finance, within 10 days of the coming into force of the respective contract, copies from each primary document that is attesting, as the case may be:
   a) the contracting/guaranteeing of the loan;
   b) the additional document to the contract/agreement of loan/guaranteeing, if changes have been made to this, with the observance of the contractual clauses.

(9) For the period of the utilization and reimbursement of the contracted/guaranteed loan, the reporting to the Ministry of Public Finance of the data regarding the local public debt shall be made monthly, within 20 days of the end of the reporting period.

(10) For the purpose of evaluation of the local public debt, any payment obligation, expressed in other currency than the national one, shall be calculated in the national currency, utilizing the exchange rate communicated by the National Bank of Romania for the last day of the period for which the reporting is made.

(11) The service of the local public debt does not represent obligations or responsibilities of the Government and it shall be paid from the local budget and from loans for the re-financing of the local public debt.

**Conditions for contracting or guaranteeing loans**

*Art. 59.* — (1) The loans contracted by the territorial-administrative units, as well as those contracted by the companies and the public services in their subordination may be guaranteed by them through their own income stipulated in art. 5 (1) a).

(2) Any guaranteeing through income shall become valid and shall apply from the moment of granting the guarantee; the income that becomes a guarantee and that is collected to the local budget shall be subjected to the conditions of the respective guarantee agreement, which shall have priority over any claims by third parties to the local public administration authority, irrespective of whether these third parties are acquainted or not with the guarantee agreement.

(3) The document by which the guarantee agreement through income is concluded must be registered with the local public administration authorities and with the lender.

(4) The local public administration authorities are forbidden the access to loans or to guarantee any kind of loan, if the total annual debts representing due installments to the contracted and/or guaranteed loans, the interest and commissions related to them, including those of the loan to be contracted and/or guaranteed in that respective year, exceeds the limit of 20% of the total income stipulated in art. 5 (1) a), except for the cases approved by special laws.

(5) The conditions in paragraph (4) shall also apply to the annual debts deriving from the loans contracted and/or guaranteed by the state for the local public administration authorities.

(6) For the purpose of calculating this limit, to the loans contracted and/or guaranteed, with a variable rate of interest, the calculation shall be made by using the rate of interest valid on the date of drawing up the documentation.

(7) For the purpose of calculating this limit, the loans granted in foreign currency shall be taken into account at the value of the currency rate of exchange communicated by the National Bank of Romania on the date of making the calculation.

(8) The due installments related to the loans, the interest and the commissions owed by the territorial-administrative units shall be provided for in the local budget or, as the case may be, new loans may...
be contracted for the payment of the due installments, under the terms of the provisions of the present emergency ordinance.

(9) All the loan or guarantee agreements concluded in accordance with the provisions of the present emergency ordinance shall be considered as being fully authorized and shall be considered as obligations that may be imposed to the respective local budgets.

The risk fund

Art. 60. — (1) To cover the financial risks deriving from the guaranteeing by the local public administration authorities of the loans contracted by the companies and the local public services, a risk fund shall be constituted, outside the local budget.

(2) The risk fund shall be kept in separate accounts opened with the territorial units of the state treasury and shall be distinctly constituted for local guarantees to internal loans and for guarantees to external loans, respectively.

(3) The risk fund shall be constituted from: the amounts received as commissions from the beneficiaries of guaranteed loans; the interest granted by the units of the state treasury for the fund reserves; interest and late payment penalties at the level of those for the budgetary income, applied for the non-payment on time by the beneficiaries of the commissions to the guaranteed loans and of the due installments, interest and related commissions, respectively, and, in completion, from the local budget. In case payments are made from the risk fund, related to certain financial commitments unpaid by the guarantee, the income of the risk fund shall be completed with the amounts recovered from it.

(4) The level of the risk commission shall be determined by the principal loan manager and shall be approved by the local or county council and by the General Council of Bucharest Municipality, as the case may be. This commission shall be applied to the value of the guaranteed loan.

(5) The amounts found in the risk fund at the end of the year shall be equalized with the local budget within the limits of the amounts received from that budget, and the balance shall be carried forward in the next year with the same purpose. The execution account of the risk fund shall be annexed to the financial statements.

Loans from the general current account of the state treasury

Art. 61. — (1) If, during the execution, temporary cash deficits occur as a result of the gap between the income and expenditure in the local budget, these may be covered by loans without interest granted by the Ministry of Public Finance from the available funds of the general current account of the state treasury, only after the utilization of the working capital.

(2) The total value of the loan that may be committed by the local public administration authorities in accordance with the provisions of paragraph (1) shall be subjected to the following limits:

a) it shall not exceed 5% of the total income estimated to be collected during the budgetary year in which the loan is made;

b) under the provisions of point a), the local public administration authorities cannot commit new loans bigger than the funds they can reimburse during the same budgetary year.

(3) The reimbursement of the loaned funds according to the provisions of the present article shall be guaranteed with the income estimated to be collected during the respective budgetary year, under the conditions of observing the guaranteeing, through income, of the other local public debts.

(4) In case the loan stipulated in paragraph (1) was not returned by December 31, the general
CHAPTER V

The financing of public institutions

Art. 63. — (1) The financing of current expenditure and of capital expenses of public institutions shall be ensured as follows:

a) in full from the local budget;

b) from their own income and subsidies granted from the local budget;

c) in full from their own income.

(2) the public institutions fully financed from the local budget shall pay the income achieved into this budget.

The income of public institutions

Art. 64. — (1) The income of public institutions, financed under the conditions of art. 63 (1) b) and c), shall be collected, administered, utilized and posted by these, according to the legal provisions.

(2) The income of the public institutions’ budgets, financed according to art. 63 (1) b) and c), come from the provision of services, rents, cultural and sports events, fees for the use of buildings, services, studies, projects, capitalization on products from their own or related activities and others.

Material goods and cash funds received by public institutions

Art. 65. — (1) The public institutions may also use for their activity material goods and cash funds received from legal and natural persons as donations and sponsoring, with the observance of the legal provisions.

(2) The cash funds granted by the legal and natural persons, received under the conditions of paragraph (1), in the case of public institutions, fully financed from the budget, shall be paid directly to the local budget from which they are financed. The
income and the expenditure of the local budget shall be increased with these amounts, and the funds shall be utilized with the observance of the purposes established by the sender.

(3) In case of public institutions financed according to the provisions of art. 63 (1) b) and c), the income and expenditure budgets shall be increased with the cash funds granted by the legal and natural persons under the conditions of paragraph (1). These institutions shall have the obligation to present in the annex to the quarterly and annual budgetary execution account, the position regarding the amounts received and utilized under these conditions and with which the income and expenditure budgets were increased.

(4) The material goods received by the public institutions under the terms of paragraph (1) shall be registered in their account books.

The budget surpluses of public institutions

Art. 66. – (1) The surpluses resulting from the budgetary execution of the public institutions, financed under the terms of art. 63 (1) b), shall be regularized at the end of the year with the local budgets from which they are financed, within the limits received from these, unless the law provides otherwise.

(2) The surpluses resulting from the execution of the budgets of the public institutions, fully financed from their own income, shall remain at their disposal, to be used in the following year with the same purpose.

(3) The local or county councils, and the General Council of Bucharest Municipality, as the case may be, may decide for the surpluses resulting from the execution of the budgets of the subordinated public institutions, fully financed from their own income, to be taken over as income to the local budget, after deducting the amounts collected in anticipation and the payment obligations.

Financing regime of certain activities of the public institutions

Art. 67. – (1) The local or county councils, and the General Council of Bucharest Municipality, as the case may be, may approve the setting-up of activities fully financed from their own income, attached to certain public institutions, financed according to art. 63 (1) a), establishing at the same time the field of activity, the categories of income, the nature of the expenditure, the organization and functioning system of such activities.

(2) The budgets of income and expenditure for the activities fully financed from their own income shall be approved at the same time as the budget of the public institutions they belong to.

(3) In case of not making the income provided for in the budgets of the activities fully financed from their own income, the expenditure shall be made within the limits of the income made.

(4) The material goods received by the public institutions according to the provisions of art. 63 (1) b) and c) shall be registered in their account books.

Temporary loans for certain activities or public institutions

Art. 68. – (1) In case of the setting-up of certain institutions and public services or of certain activities fully financed from their own income, in the subordination of certain principal loan managers, these do not have sufficient funds, on the basis of the thoroughly substantiated documentation, the local or county councils and the General Council of Bucharest Municipality, as the case may be, may approve interest free loans from the local budget, on the basis of an agreement.
(2) The loans granted under the terms of paragraph (1) shall be fully reimbursed within one year of the date of granting.

(3) In case of non-reimbursement of the loans on the established time, interest and late payment penalties shall be charged at the level of those existing for budgetary debts, according to law.

The cash execution of the budgets of public institutions

Art. 69. — (1) The public institutions and services, irrespective of the financing system and subordination, including the activities attached to certain public institutions, fully financed from their own income, shall make the operations of cash receipts and payments through the territorial units of the state treasury within the radius of which they have their headquarters and where they have the income, expenditure and availability accounts.

(2) The public institutions are obliged to transmit the budget approved according to the provisions of the present emergency ordinance to the territorial unit of the state treasury.

CHAPTER VI
Sanctions

Offences and sanctions

Art. 70. — The following deeds shall constitute offences and shall be sanctioned with imprisonment from one to three months or with fine from 50 million to 100 million lei:

a) the non-observance of the provisions of art. (4) paragraphs (2) and (3);

b) the utilization of the funds deriving from the contracting of the local public debt, for other purposes than those for which they were approved;

c) the supplying of false data for the substantiation of the documentation submitted, in view of obtaining the authorization for the contracting/guaranteeing of external loans.

Contraventions and sanctions

Art. 71. — (1) The following deeds constitute contravention:

a) the non-observance of the provisions of art. 9 (2), art. 14 (5) and (4), art. 15 (2), art. 36, art. 40, art. 41, art. 53 and art. 65 (2) and (4);

b) the non-observance of the provisions of art. 5 (2)+(4), art. 20 (3), art. 22 (4), art. 45 (3)+(5) art. (7), art. 47 (1), art. 50 (2)+(6) and (9), art. 51 (1), art.52 (1), art. 57 (4), art. 58 (8) and (9), art. 66 (1) and art. 68 (2);

c) the non-observance of the provisions of art. 4 (4) and (6), art. 14 (1), art. 19, art. 26 (3), art. 34, art. 35 (2)+(6) and art. 59.

(2) The contravention stipulated in paragraph (1) a) shall be sanctioned with fine from 5 million lei to 10 million lei, those in point b) with fine from 10 million lei to 20 million lei, and those in point c), with fine from 20 million lei to 50 million lei.

(5) The establishing of the contravention and the applying of the fines shall be made by the Court of Audit, the Ministry of Public Finance and by other persons authorized in this respect, according to law.

Legislation applied to contravention

Art. 72. — The contraventions stipulated in art. 71 shall be applied the provisions of Government Ordinance No. 2/2001 on the legal regime of contraventions, approved with modifications and completions by Law No. 180/2002, with subsequent modifications, except for arts. 28 and 29 in the ordinance.

CHAPTER VII
Final provisions

Public accountancy

Art. 73. — (1) The public accountancy of the public institutions, defined according to the present emergency ordinance, shall comprise:

a) the accountancy of the budgetary income and expenditure, that should reflect the collection of the
income and the payment of the expenditure related to the budgetary year;

b) the general accountancy based on the principle of establishing the rights and obligations, that should reflect the evolution of the financial and patrimonial status, as well as of the patrimonial surplus or deficit;

c) the accountancy meant for the analysis of the approved costs of the programs.

(2) The Ministry of Public Finance shall establish through methodological norms the accounting procedures and system of reporting regarding the information supplied by the public accountancy.

Regime of the budget income stipulated in art. 1 (2)

Art. 74. — The drawing up and the submitting of the declarations, the redemption of the budgetary obligations, the solving of the contestations, the fiscal control, the execution of the budgetary debts, as well as those referring to fiscal dodging shall comply with the legislation in the field.

Allocation of amounts from the budgetary and intervention funds at the disposal of the Government

Art. 75. — With the amounts approved on the basis of decision of the Government, from the budgetary reserve and intervention funds at the disposal of the Government, the local budgets shall be increased by mayors, presidents of the county councils and the mayor general of Bucharest Municipality, as the case may be, the respective modifications to be validated in the first sitting of the local or county council and of the General Council of Bucharest Municipality, respectively.

Availability of the treasury fund and of the income with special purposes

Art. 76. — (1) The availability of the treasury fund constituted at the level of the county councils and of the General Council of Bucharest Municipality, as the case may be, shall be transferred to the account of their working capital.

(2) The available funds on December 31, 2003, out of the income with special purpose shall be transferred to the account of the working capital constituted at the level of each territorial-administrative unit.

(3) The amounts related to the special deposits constituted for housing, according to law, shall be kept in a distinct account, opened for the territorial-administrative units with the state treasury units, outside the local budgets, and the execution account shall be approved by the local or county council, or by the General Council of Bucharest Municipality, as the case may be.

Annexes

Art. 77. — Annexes 1 and 2 are an integral part of the present emergency ordinance.

Methodological norms and instructions

Art. 78. — In applying the provisions of the present emergency ordinance the Ministry of Public Finance is authorized to issue methodological norms and instructions.

Coming into force

Art. 79. — (1) The present emergency ordinance shall come into force on the date of January 1, 2004, except for the provisions of art. 59, which shall come into force on the date of its publishing in the Official Gazette of Romania, Part I.

(2) On the date of coming into force of the present emergency ordinance, Law No. 189/1998 on local public finance, published in the Official Gazette of Romania, Part I, No. 404 of October 22, 1998, with the subsequent modifications and completions, and any other provisions to the contrary shall be repealed.
LIST of taxes, fees and of other income of local budgets

No. Denomination of income

CHAPTER I

Income provided for in the own budgets of the counties

A. OWN INCOME
1. Profit tax from the autonomous régies and from the trading companies under the authority of the county councils
2. Taxes and fees from the population:
   — Fees on the means of transport held by natural persons
3. Other direct taxes:
   a) Fee on the means of transport held by legal persons
   b) Other collections from direct taxes
4. Other indirect taxes:
   — Fees and tariffs for the issuing of functioning licenses and authorizations
5. Payments from the net profit of the autonomous régies under the authority of the county councils
6. Payments from public institutions:
   a) Income from collecting the equivalent value of the works for disease and pest control in the vegetal sector — public services for the protection of plants
   b) Other income from public institutions
7. Various income:
   a) Income from the recuperation of judging expenditure, charges and compensations
   b) Income from penalties and other sanctions applied, according to legal provisions
   c) Returns of funds from the local budgetary funds of previous years
   d) Tax on the income from licensing the goods of the trading companies or from the national companies in which the state is a major shareholder, as well as from autonomous régies
   e) Income from licensing and renting
8. Income from the turning to account of certain goods:
   a) Income from the turning to account of certain goods of public institutions
   b) Income from privatization
   c) Income from the sale of certain hospital goods
   d) Income from the sale of certain goods belonging to the private domain
9. Deducted quotas from the income tax

B. DEDUCTED AMOUNTS FROM CERTAIN INCOME OF THE STATE BUDGET

C. SUBSIDIES RECEIVED FROM THE STATE BUDGET AND FROM OTHER BUDGETS

D. DONATIONS AND SPONSORSHIP

CHAPTER II

Income provided for in the own budgets of the communes, towns, municipalities, sectors of Bucharest Municipality and of the General Council of Bucharest Municipality

A. OWN INCOME
1. Profit tax from the autonomous régies and from the trading companies under the authority of the local councils
2. Taxes and fees from the population:
   a) Tax on buildings from natural persons
   b) Fees on the means of transport held by natural persons
   c) Tax on land from natural persons
   d) Other taxes and fees from the population
3. Fee for the use of state property land
4. Tax on buildings and land from legal persons
   a) tax on buildings from legal persons
   b) tax on land from legal persons
5. Other direct taxes:
   a) Fee on the means of transport held by the legal persons
   b) Tax on agricultural land
   c) Other collections from direct taxes
The list of the local taxes, fees and of other income of the local budgets may be updated as a result of the perfecting of the fiscal legislation, as well as through the annual budgetary laws, in accordance with the programs of increasing the financial autonomy of the territorial-administrative units and of decentralization of the public services.
The Emergency Ordinance No. 45/2003

ANNEX No. 2

LIST
of income provided for in local budgets

<table>
<thead>
<tr>
<th>No.</th>
<th>Denomination of expenditure</th>
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<tbody>
<tr>
<td></td>
<td>d) Hydro-technical developments of local interest, within the built-up area</td>
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<td></td>
<td>e) Other actions regarding services, public development and dwellings</td>
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<tr>
<td>7.</td>
<td>Agriculture and forestry:</td>
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<td></td>
<td>a) Disease and pest control in the vegetal sector — public services for plants protection</td>
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<tr>
<td></td>
<td>b) County and local centers of agricultural consulting</td>
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<tr>
<td>8.</td>
<td>Transport and communications:</td>
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<td></td>
<td>a) Civil aviation</td>
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<td></td>
<td>b) Roads and bridges</td>
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<td>c) Other expenditure in the field of transport and communications</td>
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<td>9.</td>
<td>Other economic actions:</td>
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<td></td>
<td>a) Preventing and fighting floods and ice</td>
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<td>b) Supporting the programs of regional development</td>
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<td>10.</td>
<td>Other actions:</td>
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<td>a) Military centers</td>
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<td></td>
<td>b) Civil protection</td>
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<td></td>
<td>c) Other expenditure</td>
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<tr>
<td>11.</td>
<td>Fund for guaranteeing external loans, related interest and commissions:</td>
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<td></td>
<td>a) Fund for guaranteeing external loans, related interest and commissions contracted/guaranteed by the state</td>
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<td></td>
<td>b) Fund for the guaranteeing of external loans, related interest and commissions contracted/guaranteed by the local public administration authorities</td>
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<tr>
<td>12.</td>
<td>Interest related to public debt and other expenditure:</td>
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<td></td>
<td>a) Interest related to internal local public debt</td>
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<td>b) Interest related to external local public debt</td>
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<td></td>
<td>c) Expenditure occasioned by the issuing and placing of securities under the terms of the law</td>
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<td></td>
<td>d) Differences of rate related to external local public debt</td>
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<tr>
<td>13.</td>
<td>Interest payments:</td>
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<td></td>
<td>a) Interest owed to the state treasury within the recovery plan</td>
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<tr>
<td></td>
<td>b) Interest and commissions to external loans contracted by the state</td>
</tr>
<tr>
<td>14.</td>
<td>Reimbursements of loans:</td>
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<td></td>
<td>a) Reimbursement of loans granted from state treasury</td>
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</tbody>
</table>
No. | Denomination of expenditure
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|  | b) Reimbursement of internal loans for investments  
c) Reimbursement of external loans for investments  
d) Reimbursement of external loans contracted by the state  
|  | 15. | Fund of budgetary reserve:  
   |  | — Fund of budgetary reserve at the disposal of county councils  

**CHAPTER II**

**Expenditure provided for in the own budgets of communes, towns, municipalities, Bucharest Municipality sectors and of the General Council of Bucharest Municipality**

1. Executive authorities  
2. Education:  
   | a) Pre-school education  
   | b) Elementary and lower secondary education  
   | c) Upper secondary education  
   | d) Vocational education  
   | e) Post-baccalauréat education  
   | f) Special education*  
   | g) Boarding schools, hostels and canteens for school children (allowances from local budgets to supplement the own income)  
3. Health:  
   | a) Crèches  
   | b) Other sanitary institutions and actions  
4. Culture, religion and actions regarding the sports and youth activity:  
   | a) Communal, town, municipal public libraries  
   | b) Museums  
   | c) Theaters and professional institutions for shows and concerts  
   | d) Popular art schools  
   | e) Community arts centers  
   | f) Youth clubs  
   | g) Religious cults  
   | h) Sports activity  
   | i) Youth activity  
   | j) Other institutions and actions regarding culture, religion, sports and youth activity  
5. Social assistance, allowances, assistance and indemnities:  
   | a) Care and assistance centers allocations  
   | b) Recuperation and rehabilitation pilot-centers for disabled minors  
   | c) Recuperation and rehabilitation centers for disabled minors  
   | d) Centers of integration through occupational therapy  
   | e) Neuropsychiatric recuperation and rehabilitation centers  
   | f) Social assistance canteens  
   | g) Social assistance  
   | h) Supporting the protection system of child’s rights  
   | i) Specialized public services for child’s protection*  
   | j) Homes for old people  
   | k) Rights of the personal assistant for children and adults with severe disablement  
   | l) Other actions regarding social assistance, allowances, pensions, assistance and indemnities  
6. Public services and development, and dwellings:  
   | a) Streets maintenance and repair  
   | b) Lighting  
   | c) Sanitation  
   | d) Maintenance of public gardens, parks, green areas, sports and entertainment centers  
   | e) Dwellings  
   | f) Water supply, filtering stations for used waters, sewers, pumping stations  
   | g) Networks, heating stations and thermal units  
   | h) Sewage  
   | i) Hydro-technical developments of local interest, within the built-up area  
   | j) Introducing natural gas in localities  
   | k) Rural electrification  
   | l) Other actions regarding public services, development and dwellings  

* For the budgets of the Bucharest Municipality sectors  
* For the budget of the General Council of Bucharest Municipality
The Emergency Ordinance No. 45/2003

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<td>Agriculture and forestry:</td>
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<td>a) Disease and pest control</td>
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<td>b) Centers of artificial</td>
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<td>c) Sanitary-veterinary</td>
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* For the budget of the General Council of Bucharest Municipality