

THE EFFECTS OF THE COVID 19 PANDEMIC ON THE EXECUTION OF LOCAL BUDGETS

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Abstract

The effects of the COVID-19 pandemic were not only felt at national level, but also at global level with very important socio-economic consequences. All countries, continents, regions, urban and rural communities, families, and ultimately the thinking and lifestyle of every individual have been affected by the pandemic. The objective of this paper is to study the effects of the COVID-19 pandemic on the execution of local budgets. Thus, considering how complex and important this topic is, the research presents an overview of local budgets, theoretical notions of the stages of the budgetary process, and in the last part of the paper, the analysis of the income and expenditure budget of the City Hall of Dolhasca, this part of the paper being dedicated to the case study, where the evolution of the revenues and expenditures of the local budget of the City of Dolhasca during the COVID-19 pandemic is followed. The present paper, due to its practical and legislative aspects, constitutes a specialized scientific research in the field of local budgets, which combines theoretical and practical approaches in order to characterize the evolution of the revenues and expenses of the local budget of the City Hall of Dolhasca during the COVID-19 pandemic.

Key words: *budget system; fiscal-budgetary policies; local budget; revenues of the local budget; expenditures of the local budget.*

JEL Classification: *H12, H29*

I. INTRODUCTION

The COVID-19 pandemic highlighted something that has been known for decades: modern governments must master the art of balancing - they must deliver public value in all areas of governance, while grappling with increasing levels of uncertainty and change.

From this point of view, a priority of the local public authorities has been to ensure the financial, material and personnel resources that would allow the activities and local institutions to be carried out in conditions of protection and stability determined by the context of the new situation.

The majority of resources have therefore been allocated mainly to the health sector in order to respond to the situation caused by the pandemic, which is characterised by the absence or shortage of facilities and infrastructure, staff and adequate hygiene and safety products. At the same time, in the context of the pandemic, as a consequence of the state of emergency and alert, many planned cultural and sports activities have been postponed, stopped or moved online, and some investment projects have been slowed down.

In the context of the particular situation created by the COVID-19 pandemic, fiscal-budgetary policies to combat its effects have led to an increase in the budget deficit and a deepening of the structural deficit. In order to ensure a better and more efficient use of public finances, financial funds previously allocated to these activities and not used have been redistributed to health and social care institutions. Also in the context of the pandemic, a series of laws were passed which introduced fiscal measures to protect businesses and the economic environment, designed to encourage cooperation between businesses, entrepreneurial loyalty and the ability to adapt business relations to the challenges posed by the health crisis.

The financial resources formed at the level of the administrative-territorial unit are managed and used by the bodies of local public administration by integrating them into a system of distinct financial correlations. In order to fully meet the needs of the local authority, in an ideal system, all financial resources provided for in the local budget must fully cover the proposed expenditure. The proposed objectives can only be achieved if the powers and abilities of local public authorities are matched to the revenues of local budgets and if resources are sufficiently varied and evolving, but there is no country that meets this condition.

The pandemic is not exactly a new phenomenon strictly related to today's modern societies, but has been

recorded since ancient times. Every pandemic that the population has faced has brought changes in the economy, in regional and global politics, but also in the social behavior of people. The most significant changes, which were preserved in the medium and long term, were the institutionalized ones.

In order to fully satisfy the needs of the local community, in the case of an ideal system, all the financial resources provided in the local budget must fully cover the proposed expenses. The fulfillment of the proposed objectives can only be achieved if the attributions and abilities of local public authorities are correlated with the revenues of the local budgets, and the resources are sufficiently varied and evolutionary, but there is no country that fulfills this condition.

The purpose of this paper is to study the effects generated by the COVID-19 pandemic on the execution of local budgets. Thus, considering how complex and important this topic is, the research presents an overview of local budgets, theoretical notions of the stages of the budget process, and in the last part of the paper, the analysis of the income and expenditure budget of Dolhasca City Hall, the data being taken from the report at the end of each year and illustrated in tables for study.

II. LITERATURE REVIEW

The budget system represents a financial plan that a country can draw up based on the revenues and expenses it wants to record in a certain period of time and includes all the relationships and organizational structures that guarantee the drawing up, distribution and management of budget resources (Gisberto, Nisulescu and Sendroiu, 2013, p. 35.). In Romania, the resource needs of the population and the ways to satisfy them are highlighted in the general consolidated budget, which includes all the budgets that make up the budgetary system, accumulated and grouped to constitute a whole (Lefter & Bănuț, 2004, p.72).

At the structural level, the budget system in our country has in its composition the following defining elements: the state budget, the state social insurance budget, local budgets, the health social insurance budget, the budgets of special funds. In addition to these, we also encounter other categories of budgets that refer to other budget categories, thus we have: the budgets of public institutions financed in whole or in part from local budgets, the budgets of internal and external loans contracted or guaranteed by local public administration authorities, the budget of the state treasury, the budget autonomous public institutions (Art. 1, paragraph (1) of LAW no. 500/2002).

As decentralization processes intensify both at the national, European or global level, the roles and importance of the local budget increase (György & György, 2011). Decentralized decision-making can facilitate more effective provision of services through a more appropriate adaptation of spending to local goals and decisions. This process of decentralization can create a competition between regions and, therefore, this approach is long-term, and can include a number of elements of a political, technical, administrative and fiscal nature (Andronic, 2012).

The local budget represents the most important component of local public finances as it illustrates the economic relationships with the help of which the financial resources necessary to carry out social-cultural, economic activities and other activities that belong to the competence of the local public administration authorities are constituted (Voinea, 2011, p 30). Thus, the local budget represents a normative legal act in which public revenues and expenses belonging to an administrative-territorial unit are registered and approved by the decision of the local or county council for a period of one year (Roș, 2009, p. 131). According to the legislation, the local budget is the document by which the revenues and expenses of the UATs are foreseen and approved every year (Art. 2, paragraph (7) of Law no. 273/2006).

The local budget can be considered as an instrument of economic policies through which the state authorities can intervene in the economy within the local public administrations, which helps to select funding priorities from the local economic and social development strategies, being at the same time influenced by the result of the budget generally consolidated (Tabară, 2009, p. 21).

The budget process includes a series of stages that take place successively, the first stage being the preparation of the budget, then approval, execution, closure, control and reporting of the results of the budget execution, within these stages the local county councils have the capacity of authorities deliberative, and the mayors and presidents of the county councils have the capacity of executive authorities (Sandu, Cibotariu and Apetri, 2008, p. 182; Mihalciuc & Grosu, 2019).

The budgetary process defines as the structured set of actions and measures undertaken and carried out by the competent state bodies in order to fulfill the economic policies supported by the administrative authorities in the budgetary sector, thus within the local public administrations, it includes certain significant characteristics, thus we have the decision-making character, democratic, predominantly political and cyclical (Roman & Moroșanu, 2011, p. 180).

If we refer to the principles that must be respected within the budget process, the principle of the budgetary unit is based on two considerations, some of a financial nature, others of a political nature, and through the

application of this principle, the familiarization of the majority of local incomes and the needs to support activities is ensured and public services, the concordance between them, the improvement of the prioritization bases and the realization of control regarding the establishment and use of financial sources through local budgets. Limiting the implementation of the principle is also conditioned by the financial autonomy of certain public institutions that prepare their own autonomous budgets, and others annex budgets (Moşteanu et al., 2003, pp. 42-43). Another principle is that of the monetary unit which assumes that all operations within the local budget are carried out in the national currency, there are also exceptions to this principle, certain budget transactions being calculated in foreign currency and then they are transformed either in the case of making the payment or receipt at the exchange rate. The currency risk characteristic of these operations represents their main disadvantage. It is generated by the time difference between the budget projections and the implementation of the operation, thus gains or losses may result due to the exchange rate (Boloş, 2006, p. 215).

To be able to be interpreted by all members involved in the examination of the budget, the budget classification of revenues and expenses must be correct, explicit and as simple as possible, because it guarantees the management of financial sources, the maintenance of local financial disciplines, and the tracking of the way resources are used. budgeting (Voinea & Rusu, 2008, p. 142).

III. METHODOLOGICAL APPROACH OF THE LOCAL BUDGET IN THE BUDGET PROCESS

The budget process includes a series of stages, the elaboration, approval, execution, closure, control and reporting of the result of the budget execution, and within the budget process the local or county councils, and the General Council of the Municipality of Bucharest, as deliberative bodies, mayors and the presidents of the county councils, the general mayor of the Municipality of Bucharest as executive bodies, the latter being the main credit orderers (Moşteanu, 2004, p. 110).

The drafting stage of the local budget project represents an essential stage of the local budget process and orders that the administrative-territorial units, competent in this field, in accordance with the legislation, produce a set of documents and steps, respecting the terms provided for in the legislation, with the purpose of determining the revenues and expenses of the local public administration (Oneţ, 2005, p. 105), The second important stage for the local budget process is represented by the approval of the local budget, and implies the actual acceptance of the budget projects established in the first stage and the adoption of decisions regarding the annual budget of the local authority. The third stage of the budget process is represented by the execution of the local budgets and consists, mainly, in the collection of revenues and the realization of the expenses of the local budgets, established in accordance with the legislative norms of the annual budget law. The actual approval of the local budget, in reality, represents the approval of the local budget project and the adoption of the decision on the annual budget of an administrative-territorial unit (Oneţ, 2005, p. 107). In this phase, local public revenues and expenditures are approved for the next budget year. The General Directorate of Public Finances, the Regional General Directorate of Public Finances of the Municipality of Bucharest, the county councils and the General Council of the Municipality of Bucharest allocate, for each administrative-territorial unit, sums broken down from certain revenues of the state budget and from consolidated transfers (Art. 39. paragraph (2) of Law no. 273/2006).

The establishment basis for own revenues in the case of local budgets focuses on the realization of the valorization and inventory of taxable goods and the taxation bases that influence the calculation of the taxes and fees in question, as well as the evaluation of the services provided and the revenues derived from them, but also other concrete aspects for a more appropriate assessment of the income. Local taxes and fees are, moreover, instruments of local autonomy (Ştefura, 2009, p. 54). The expenses that are "financed through local budgets are differentiated according to the structure of the budgets to which they refer, respectively: some are the expenses that are carried out through the county's own budget, and others, through the budgets of communes, cities, municipalities, sectors of the municipality of Bucharest and the of the General Council of Bucharest" (Belean et al., 2007, p. 64).

In figure no. 1 we can see the method of drawing up and approving the local budget.

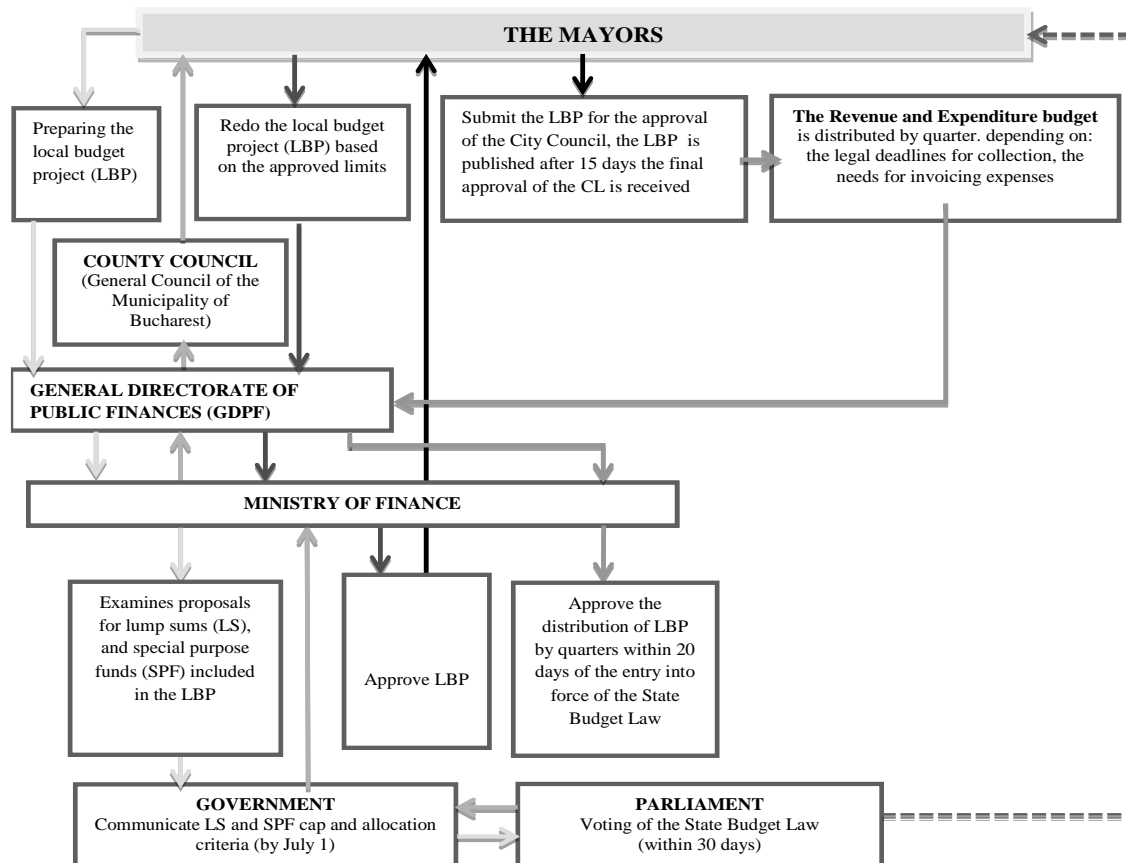


Figure – 1 Elaboration and approval of local budgets and the general consolidated budget

Source: own processing

IV. REVENUES AND EXPENSES OF THE CENTRALIZED GENERAL BUDGET OF ADMINISTRATIVE-TERRITORIAL UNITS DURING THE PANDEMIC

The effects generated by the COVID-19 pandemic were felt not only at the national level, but also at the global level with very important socio-economic consequences. All states, continents, regions, urban and rural communities, families, and ultimately the thinking and lifestyle of each individual have been affected by the pandemic. The COVID-19 pandemic has highlighted something that has already been known for decades: modern governments must master the art of balancing – they must deliver public value across all areas of governance while grappling with ever-increasing levels of uncertainty and change (Ticlău, Hințea and Andrianu, 2020).

As in 2020, 2021 was also influenced by the pandemic context which had a series of mandatory measures, with the strict measures and restrictions imposed by legislation in order to combat and prevent the spread of the SARS-CoV-2 virus and with the aim of preventing illness and the consequences of the COVID-19 pandemic.

Countries around the world adopted a wide range of fiscal measures in 2020 to mitigate the impact of the COVID-19 pandemic on health and the economy. Thus, in Romania the reaction to the situation caused by the SARS-CoV-2 virus, on the part of the deliberative authorities and the operational structures of the administrative-territorial units, constituted a real challenge for the local administration, requiring increased skills and resources to ensure that they are decisions taken to reduce the impact on public health and the socio-economic environment, while ensuring the provision of quality public services.

From this point of view, a priority of the local public authorities was to ensure the financial, material and personnel resources that would allow the development of economic activities, respectively of local institutions in conditions of protection and stability determined by the context of the new situation. Therefore, most of the resources were allocated mainly in the health sector to respond to the situation caused by the pandemic which is characterized by: the absence or shortage of equipment and infrastructure, personnel and adequate hygiene and safety products. At the same time, under the conditions of the pandemic, as a consequence of the establishment of the state of emergency and alert, many scheduled cultural and sports activities were postponed, stopped or moved online, and part of the investment projects were slowed down. In the context the special situation created by the

COVID-19 pandemic, the fiscal-budgetary policies to combat its effects led to an increase in the budget deficit and a deepening of the structural deficit (Fiscal Council, Annual Report 2020).

V. ANALYSIS OF DATA AND RESULTS

In this part of the paper, the main approach is represented by the analysis of the revenue and expenditure budget of the City of Dolhasca during the COVID-19 pandemic. Dolhasca City Hall is a functional structure composed of the mayor, deputy mayor, the secretary of the administrative-territorial unit and the mayor's specialized apparatus. The activity of the institution is permanent and is carried out in the form of dispositional execution activities and executional activities whose main objective is to satisfy the public interest. The staff of the town hall is structured by services, offices and departments, depending on the particularities and local needs, with the application of the legislative norms and according to the available financial resources.

In order to analyze the revenues, data contained in the local budget and the annual reports of the City of Dolhasca from the period before the pandemic, respectively 2019, and from the pandemic period 2020-2021 were studied. The evolution of revenues is illustrated in the tables below, and as notice, the values fluctuated during the analyzed period. Values from local budgets are expressed in the national currency lei (RON) (table no. 1).

In the case of the local budget structure, two sections are distinguished, operating and development, for revenues and expenses. Thus, in the first data analysis table, the revenue values for the two sections, operating and development, from the period 2019-2021 are highlighted. The operating section is the fundamental, mandatory component of the local budget, except for the non-reimbursable external budgets and the external and internal loan budgets, which include revenues necessary to finance current expenses in order to achieve the powers provided for by law, and the development section is a component of complementary to the local budget, except for the budgets of non-reimbursable external funds, which include income and capital expenditures related to the implementation of national, regional, county, zonal or local development strategies, as the case may be.

Table 1. Revenues of the city of Dolhasca 2019-2021

Section	2019	2020	2021
TOTAL REVENUE	15.152.879,00	19.205.913,00	33.812.492,00
Operation section	9.708.804,00 (64%)	11.342.886,00 (59%)	12.532.237,00 (37)
Development section	5.444.075,00 (36%)	7.863.027,00 (41%)	21.280.255,00 (63%)

Source: Own processing, data taken: <https://primariadolhasca.ro/buget/>

According to table no. 1, illustrated above, the revenues of the operating section but also of the development section are on the rise, where in 2021 there is a 76% increase in revenues compared to the previous year, and the share of revenues of the operating section is more higher than that of development in the years 2019 and 2020. Thus, in 2020 the share of the income of the operating section is lower compared to the previous year, instead the share of the development section due to investment projects is higher. It is worth mentioning the increase in the weight of the development section, where in 2021 it represents 63% of total revenues, mainly influenced by investment projects financed from the state budget or European funds. In order to analyze in more detail the total revenues of the local budget of the City of Dolhasca, we have made table no. 2 in which their evolution is presented.

Table 2. The evolution of the revenues of the local budget of the city of Dolhasca

REVENUE STRUCTURE			
The name of the indicators	2019	2020	2021
TOTAL REVENUE	15.152.879,00	19.205.913,00	33.812.492,00
CURRENT INCOME	12.426.321,00	15.622.340,00	15.875.713,00
TAX REVENUES	11.818.663,00	15.113.849,00	15.200.472,00
Income tax, profit and capital gains	1.769.352,00	2.576.373,00	3.009.167,00
Taxes and property taxes	777.131,00	706.358,00	819.813,00
Taxes and taxes on goods and services	9.272.180,00	11.831.118,00	11.371.492,00
NON-TAX INCOME	607.658,00	508.491,00	675.241,00
Income from property	136.175,00	60.394,00	170.449,00
Sales of goods and services	471.483,00	448.097,00	504.792,00
CAPITAL INCOME	0	0	6.010,00
FINANCIAL OPERATIONS	0	0	0
SUBSIDIES	2.726.558,00	3.416.153,00	17.609.510,00

Subsidies from the state budget	2.519.838,00	3.335.651,00	17.579.468,00
Subsidies s from other administrations	206.720,00	80.502,00	30.042,00
Amounts received from the EU/other donors on account of payments made and pre-financing related to the 2014-2020 financial framework	0	167.420,00	321.259,00

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

In the case of the Dolhasca City Hall, total revenues, as can be seen from the table above, are made up of two main types of indicators: current revenues, which include fiscal and non-fiscal revenues, and subsidies, which include subsidies distributed from the budget state and from other administrations.

Analyzing table no. 2 it can be seen that the budget revenues were in an upward growth. But, considerable differences were recorded in the case of fiscal revenues, taxes and property taxes, where in 2020, in the midst of the pandemic, a 9% decrease was recorded compared to 2019. At the same time, a difference can be noted that cannot be omitted in the case of non-fiscal income where, in property income, there is a decrease of approximately 56%, and in the framework of the sale of goods and services, a decrease of approximately 5%.

At the same time, increases were also recorded, such as income from taxes and duties on goods and services, thus, in 2020 there was an increase of approximately 28%, and in the case of income from taxes on income, profit and capital gains an increase of about 46%. Subsidies have contributed to increasing revenues, where in 2020 an increase of 25% was recorded. In 2021, a difference in total revenues is noted, this difference is due to the increase in subsidies from the state budget for investment projects financed through the National Local Development Program, but in taxes and duties on goods and services there were decreases of approximately 459,626 lei.

The dynamics of current revenues is also influenced by the evolution of fiscal and non-fiscal revenues, an aspect that can be noted in table no. 3.:

Table 3. The level of fiscal and non-fiscal revenues in the period 2019-2021

	Year 2019	Year 2020	Year 2021
CURRENT INCOME	12.426.321,00	15.622.340,00	15.875.713,00
TAX REVENUES	11.818.663,00	15.113.849,00	15.200.472,00
NON-TAX INCOME	607.658,00	508.491,00	675.241,00

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

According to table no. 3, an upward increase in fiscal revenues can be observed, from the amount of 11,818,663.00 lei in 2019 to the value of 15,200,472.00 lei in 2021, but we cannot say the same in the case of non-fiscal revenues where in 2020 unlike 2019 where the value was 607,658.00 in 2020, during the COVID-19 pandemic the value was 508,491.00. It is also worth noting the rather large difference between tax revenues in 2020 and those in 2019. Even though there was a pandemic, and the population had to comply with the measures imposed by the authorities, tax revenues were higher, with an increase of approximately 28%, but a cause of the increase can also be considered the inflation rate applied to the calculation of taxable values, where for the taxes of the year 2020 the values were calculated with an inflation of 4.6%, unlike the previous year where for the calculation of the tax it was used an inflation of 1.3%.

In table no. 4 shows the share of fiscal and non-fiscal revenues in the total revenues of local budgets from 2019-2021.

Table 4- Share of tax and non-tax revenues in total revenues

	Year 2019	Year 2020	Year 2021
CURRENT INCOME	82%	81%	47%
TAX REVENUES	78%	79%	45%
NON-TAX INCOME	4%	3%	2%

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

According to table no. 4, the share of tax revenues to total revenues have close values in 2019 and 2020 of 78% and 79%, respectively, but in 2021 their share decreased by 34% due to higher subsidies that influenced total revenues. In the case of non-tax revenues, their share is decreasing, starting from 2019 where it is 4% and reaching 2% in 2021.

The budgetary expenses related to the administrative-territorial units designed and administered by the executive authorities of the local public administration and by the leaders of the other public institutions and services subordinated to the local authorities are grouped according to several categories of criteria. The local budget of the city of Dolhasca, in the case of expenses, consists of two sections, the operating section and the

development section. The budget expenses are substantiated, sized and distributed by the credit orderers, respecting the legislative norms, and in accordance with the duties of the Dolhasca City Hall and the priorities established by it. According to the data published on the City Hall website in table no. 5 the expenses incurred in the period 2019-2021 were centralized.

Table 5- Local budget expenses in the period 2019-2021

THE NAME OF THE INDICATORS	THE AMOUNTS RELATED TO THE INDICATORS		
	Year 2019	Year 2020	Year 2021
TOTAL EXPENSES	15.436.204,00	16.034.777,00	29.094.517,00
I. Current expenses	8.313.308,00	9.310.149,00	10.250.086,00
Staff expenditure	4.506.163,00	4.940.701,00	4.966.764,00
Goods and services	2.780.050,00	2.638.909,00	3.089.147,00
Interest	144.499,00	132.464,00	104.332,00
Reserve funds	0,00	0,00	0,00
Other transfers	4.018,00	21.577,00	34.306,00
Social assistance	816.089,00	1.327.212,00	1.846.450,00
Projects with financing from non-reimbursable external funds related to the 2014-2020 financial framework	0,00	218.286,00	209.087,00
Other expenses	62.489,00	31.000,00	0,00
II. Capital expenditure	6.837.765,00	6.393.684,00	18.506.952,00
Construction	5.768.563,00	5.510.876,00	17.570.082,00
Machines, equipment and means of transport	392.085,00	108.568,00	0,00
Furniture, office equipment and other tangible assets	0,00	44.146,00	0,00
Other fixed assets	677.117,00	730.094,00	936.870,00
III. Financial operations	287.355,00	331.261,00	344.207,00
Repayments of external loans	130.905,00	132.961,00	136.000,00
Domestic loan repayments	156.450,00	198.300,00	208.207,00
Payments made in previous years and recovered in the current year	-2.224,00	-317,00	-6.728,00

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

The expenses incurred by the town hall of Dolhasca in the period 2019-2021 are made up of three important categories: current expenses, capital expenses and financial operations. As seen in table no. 5, during the analyzed period current expenses are increasing, thus in 2020 they increased by approximately 12%, and in 2021 by 10% compared to the previous year. But, in the case of capital expenditures, the values fluctuate every year, where in 2021 it has an impressive increase of 189%. At the same time, he notes a decrease in spending on goods and services, where in 2020 they registered a decrease of 5% compared to the previous year. In the case of expenses from the category of financial operations, the values are close in the period 2019-2021. Next we will divide the expenses according to economic classification and functional classification (table 6).

Table 6- The expenses from the operating section of the local budget, according to the economic classification

THE NAME OF THE INDICATORS	THE AMOUNTS RELATED TO THE INDICATORS		
	Year 2019	Year 2020	Year 2021
TOTAL EXPENSES	8.594.421,00	9.401.230,00	10.348.900,00
I. Current expenses	8.309.290,00	9.070.286,00	10.006.693,00
Staff expenditure	4.506.163,00	4.940.701,00	4.966.764,00
Goods and services	2.780.050,00	2.638.909,00	3.089.147,00
Interest	144.499,00	132.464,00	104.332,00
Reserve funds	0,00	0,00	0,00
Other transfers	816.089,00	1.327.212,00	1.846.450,00
Social assistance	62.489,00	31.000,00	0,00
II. Financial operations	287.355,00	331.261,00	344.207,00
Repayments of external loans	130.905,00	132.961,00	136.000,00
Domestic loan repayments	156.450,00	198.300,00	208.207,00
Payments made in previous years and recovered in the current year	-2.224,00	-317,00	-2.000,00

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

In the operating section, expenses are classified into two categories, according to the economic classification, namely current expenses and financial operations. Current expenses include several indicators: personnel expenses, goods and services, interest, reserve funds, social assistance and other expenses. Financial operations in this section are made up of two types of repayments: external and internal. At the same time, when calculating total expenses, payments made in previous years and recovered in the current year are also taken into account.

This is followed by expenditure on goods and services, in third place is expenditure on social assistance, which is followed by interest, reserve funds, loan repayments and other expenditure. According to the operating section, and depending on the functional classification, the expenses are divided into ten chapters, thus they are illustrated in table no. 7.

Table 7 - Operating Section Expenses by Functional Classification

THE NAME OF THE INDICATORS	THE AMOUNTS RELATED TO THE INDICATORS		
	Year 2019	Year 2020	Year 2021
TOTAL EXPENSES	6.683.301,00	6.814.824,00	7.686.678,00
I. Executive and legislative authorities	3.534.245,00	3.731.562,00	3.707.569,00
II. Other general public services	0	0	
III. Public Debt and Borrowing Transactions	152.627,00	144.259,00	109.637,00
IV. Public order and national security	410.478,00	416.619,00	409.407,00
V. Education	54.128,00	51.600,00	133.950,00
VI. Health	143.218,00	149.240,00	575.456,00
VII. Culture, recreation and religion	401.053,00	117.779,00	469.669,00
VIII. Housing, services and public development	922.403,00	943.147,00	810.853,00
IX. Environment protection	583.942,00	877.994,00	1.022.006,00
X. Transports	481.207,00	382.624,00	448.131,00

Source: Own processing, data taken: <https://primariadolhasca.ro/buget/>

As seen in table no. 7, the evolution of expenses according to the functional classification is increasing, thus in 2019 the lowest total expenses are recorded. As can be seen, for the health category, the chapter from which invoices related to medical services are paid, a very large increase was not recorded, the value increased by only 4% compared to 2019. At the same time, in 2021 the amount of expenses for this chapter it is higher with a difference compared to the previous year in the amount of 426,216.00 lei. The largest weight in the expenses within the operating section, according to the functional classification, is chapter I-Executive and legislative authorities, where in 2019 it is 53%, in 2020 55% and in 2021 a weight of 48 %, then depending on each year it varies for each category, and as we can see, considering that this work analyzes the effects of the pandemic, within the Health chapter the share in 2019 and 2020 is 2%, and in 2021 an increase of 6 percent is recorded, being 8%.

According to the economic classification, the expenses in the development section are composed of current expenses that include other transfers and capital expenses that include constructions, machines, equipment and means of transport and other fixed assets, as we can also see in the table below, and the classification functional includes different categories of spending on executive and legislative authorities, education, culture, recreation and religion, housing, services and public development, environmental protection and transport (table no. 8).

Table 1- Expenditure from the development section according to economic classification

THE NAME OF THE INDICATORS	THE AMOUNTS RELATED TO THE INDICATORS		
	Year 2019	Year 2020	Year 2021
TOTAL EXPENSES	6.841.783,00	6.633.547,00	18.745.617,00
Other transfers	4.018,00	21.577,00	34.306,00
Projects with financing from non-reimbursable external funds related to the 2014-2020 financial framework	0,00	218.286,00	209.087,00
II. Capital expenditure	6.837.765,00	6.393.684,00	18.506.952,00
Construction	5.768.563,00	5.510.876,00	17.570.082,00
Machines, equipment and means of transport	392.085,00	108.568,00	0,00
Furniture, office equipment and other tangible assets	0,00	44.146,00	0,00

Other fixed assets	677.117,00	730.094,00	936.870,00
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Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

As seen in table no. 8, the total expenses in 2020, depending on the economic classification of the operating section, are lower than the previous year, decreasing by 4%. It should be noted that the largest share of total expenses is capital expenses. Next, in table no. 9 shows the expenses from the development section according to the functional classification.

Table 2- Expenditure in the development section by functional classification

THE NAME OF THE INDICATORS	THE AMOUNTS RELATED TO THE INDICATORS		
	Year 2019	Year 2020	Year 2021
TOTAL EXPENSES	6.841.783,00	6.633.547,00	18.745.617,00
Public authorities and external actions	257.820,00	495.630,00	637.080,00
Education	2.731.429,00	3.126.907,00	7.761.244,00
Culture, recreation and religion	23.679,00	32.568,00	63.070,00
Projects with financing from non-reimbursable external funds related to the 2014-2020 financial framework	0,00	42.474,00	0,00
Housing, services and public development	1.604.954,00	1.019.939,00	10.131.472,00
Environment protection	4.018,00	4.006,00	4.001,00
Transports	2.219.883,00	1.912.023,00	148.750,00

Source: Own processing, data taken:<https://primariadolhasca.ro/buget/>

As we can see in table no. 9, education has the largest share of total expenditure in 2019, followed by transport and housing, services and public development. In 2020, education spending has the largest share of the total, followed by transport and housing, services and public development. Finally, in 2021 housing, services and public development have the largest share, followed by education.

VI. CONCLUSION

The COVID-19 pandemic has highlighted something that has already been known for decades: modern governments must master the art of balancing – they must deliver public value across all areas of governance while grappling with ever-increasing levels of uncertainty and change. Thus, in this context, a priority of the local public authorities was to ensure the financial, material and personnel resources that would allow the development of economic activities, respectively of local institutions in conditions of protection and stability.

Therefore, most of the resources were allocated mainly in the health sector to respond to the situation caused by the pandemic which is characterized by: the absence or shortage of equipment and infrastructure, personnel and adequate hygiene and safety products. In order to ensure a better and more efficient use of public finances, financial funds previously allocated for scheduled cultural and sports activities that were postponed, stopped or moved online and unused were redistributed to health and social assistance institutions.

Concluding on the aspects presented in the paper regarding the evolution of the income and expenditure budget of the Dolhasca City Hall during the pandemic, we can state that the total revenues of the Dolhasca City Hall were not greatly affected by the Covid-19 pandemic. As in any budget, the revenues collected at the local budget may be higher or lower in different periods for different categories of income. Within the local budget of the City of Dolhasca, total revenues increased by approximately 27% in 2020, where an important role was played by tax revenues, a component of current revenues, which had the largest weight in the total revenues of the town hall of 79%, here a the factor that influenced this increase was the tax on income, profit and capital gains, which had an increase of approximately 46%, and in the case of taxes and duties on goods and services for the year 2020, an increase of approximately 28% was recorded compared with the previous year.

At the same time, the subsidies also contributed to the increase in income, especially in 2021, when many investment projects financed from the state budget took place, so the difference between the subsidies granted in 2020 and those in 2021 is 14,193,357 lei. But we cannot only talk about increases, thus we also noticed decreases in other categories, such as in the case of tax revenues, taxes and property taxes where in 2020, in the midst of the pandemic, a 9% decrease was recorded, unlike in 2019. At the same time, there is a difference that cannot be omitted in the case of non-tax incomes, where, in terms of income from property, there is a decrease of approximately 56%, and in the framework of the sale of goods and services, a decrease of approximately 5%. In the case of expenses, according to the analysis through graphs and tables, we found that during the analyzed period

current expenses are increasing, thus in 2020 they increased by approximately 12%, and in 2021 by 10% compared to the previous year. However, in the case of capital expenditure, the values fluctuate every year, where in 2021 it has an impressive increase of 189%. Current expenditure has the largest weight in the total expenditure made in 2019 and 2020, respectively 54% and 58%. Capital expenditures are lower, with a weight of 44% in 2019 and a weight of 40% in 2020, and financial operations have a weight of 2% in 2019 and 2020. At the same time, in the case of 2021, the weights are exactly the opposite, thus the weight of current expenses is 35%, and the weight of capital expenses is 64% due to ongoing investment projects.

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