ORGANIZING ACCOUNTING IN A COMMUNAL CITY HALL

ORGANIZAREA CONTABILITĂ II LA O PRIMĂRIE COMUNALĂ

MARIA MORARU[1], D. FRANCA[1]

[1]West University, Timisoara, Faculty of Economics and Business Administration, Romania; mariamoraru2002@yahoo.com
[2] Tibiscus University, Faculty of Economic Sciences, Timisoara,Romania;

Abstract: *This paper presents the organization of accounting at a communal city hall, its budget of revenues and expenses, and recommends measures to improve accounting organization.*

Key words: *administrative-territorial unit, budget of revenues and expenses, material expenses, communal city hall, annual financial statements*

INTRODUCTION

The budget, in a broad sense, can be viewed as a list, or an act in which are included revenues receivable and the expenses that will be incurred and their destination, dimensioned for a limited period of time, namely one year, on a budgetary exercise- budgetary year.

The *local budget* represents the statement through which the administrative-territorial units' revenue and expenses are provided and approved each year. Administrative-territorial units, according to the law on local public administration are: villages, cities, municipalities, Bucharest municipality sectors, counties.

MATERIALS AND METHODS

The main research method consisted in reviewing the most important opinions and approaches within the specialized literature, articles and studies of journals and the normative documents in force.

RESULT AND DISCUTIONS

DRAWING UP THE BUDGET OF REVENUES AND EXPENSES OF THE COMMUNAL CITY HALL

Administrative-territorial units draw up their own budgets under autonomy conditions in compliance with the provisions of the local public administration law, as well as other relating normative documents.

Local budgets must be drawn up according to the conditions specific of that community: villages, cities, municipalities, counties, and balancing, which involves determining the amount of budgetary revenues depending on the status of economic development and revenues of the population from that community and to meet the local social needs, as well as the establishment of a reserve fund.

In drawing up the budget of revenues and expenses, local authorities have the possibility of applying fiscal policies that allow the establishment of local taxes within certain limits and the increase of all local taxes and fees, according to the law.

In justifying the current own revenues, the following should be considered: the revenues with the highest share (tax on buildings, tax on land, tax on means of transport, etc.), as well as the operational expenses that would be incurred.

Expenses' programming must take into consideration the peak period of revenues (March, June, September, December), and the period in which the expenses agglomerate (April-October).

When justifying the proposals for expenditure and estimates for subsequent years, the authorizing officers of the local budgets will establish and secure the *necessary funds to finance social aid and domestic heating aid,* according to the provisions of the law.

At the same time, they will prioritize the analysis and allocation of *funds for financing the expenses of state pre-university educational institutions, nurseries, county and local agricultural consultancy centers, as well as those relating to support the protection system of the rights of child and persons with disabilities.*

Each municipality draws up its local budget in terms of administrative and financial autonomy, according to the resources available to each city hall, individually.

The commune's financial resources are formed according to the law from: local taxes and fees and other fiscal revenues, non-fiscal revenues, revenues from capital, shares and amounts deducted from capital, shares and amounts deducted from some expenses of the state budget, share dividends to some special purpose revenues, as well as other revenues.

Expenses for the executive authorities will be calculated according to: salary expenses, travel expenses, material expenses and services..

Salary expenses[64] are obtained by summing up the following elements:

- pricing factors: number of employees* tariff average salary* number of months granted;
- management benefits;
- payments by the hour represent value expressions regarding filling up job vacancies with the necessary personnel.

Travel expenses are obtained by multiplying the number of employees that will travel with the average amount of expense per employee.

Material expenses and services refer to expenses for maintenance and house-holding, lighting, heating, water, inventory elements, cleaning materials.

Expenses for public services and housing development are the expenses with the largest share in the local budget and include: street lighting, sanitation, sewerage expenses, expenses for streets' maintenance and repair.

The expenses included in the local budget are:

[1]C. I. JITARU, MIHAELA JITARU, 2007, -Contabilitatea impozitelor, taxelor şi contribuţiilor, Editura Danubius, Brăila, pg.20-42

- current expenses: personnel expenses (salary expenses), material expenses and services (social character rights), subsidies, transfers and interests;
- capital expenses;
- financial operations (granted loans, credit reimbursements, payments of interests and commissions on credits);
- reserves, surplus / deficit.

The expenses foreseen in the city hall's local budgets are carried out from:

- own revenues;
- shares from the income tax;
- amounts deducted from the local budget.

The local budget revenue grounding is based on the establishment and evaluation of taxable matter and related taxes.

The grounding and approval of the local budget expenses is carried out in strict correlation with the real possibilities of collecting local budget revenues, estimated to be achieved.

ORGANIZING ACCOUNTING AT THE LEVEL OF THE COMMUNE'S CITY HALL

The commune under study is formed from four villages with population of Ukrainian and Romanian ethnicity.

The commune is placed in a hilly area with heights between 250 and 500 meters.

The main occupation of the inhabitants is agriculture within which we can remark the cultivation of orchards and animals' breeding and exploitation.

The commune's agricultural land is included in the V fertility category.

The city hall's financial-accounting behavior is obliged by law to organize and lead their own accounting, compartment which is under the direct management of a chief accountant or accountant or another person empowered by an individual labor contract to perform this function.

The city is obliged to organize and lead its own accounting using the double entry accounting using the accounts provided by the general Chart of accounts.

The responsibility for the proper organization and management of accounting, of the financial and accounting management, is primarily of the Mayor, the accounting officer responsible for the patrimony management and competences in the matter.

Expenses represent decreases in economic benefits or potential services registered during the reporting period in the form of outflows or consumption of net assets or equity, other than those relating to the owners' prerogatives.

Operational expenses are currently carried out by entities from the public sector in order to achieve specific objectives (salary expenses and social security contributions, work and services expenses performed by third-party).

Financial[65] expenses are incurred as a result of the financial and banking activity (expenses on interest, expenses with differences in exchange rates).

Extraordinary expenses arise accidentally in the activity of the public institution and are not controllable in terms of the probability of their management (losses from operations with fixed assets).

Expenses are recognized on the basis of accrual accounting, whereby the transactions and events are recognized when they occur and not when they are reflected in cash or paid cash equivalents. Expenses and liabilities are recognized in the financial statements of the period to which they relate. For example, own consumption is recognized when the production intended for that purpose takes place. Stock expenses are recognized when the amount of these personnel expenses are recognized in the period in which the work was performed.

2 **AURELIA ŞTEFĂNESCU, AIDA ALEXANDROAIA, P. CRIŞAN** –,2010, Contabilitatea instituţiilor publice, Editura RAABE, Bucureşti, pg.43-57

Expenses for rendered services will be recognized in the period in which these services were provided and the work was performed, regardless of the time of their execution.

Capital expenses are recognized on a monthly basis in the form of depreciation recorded on the asset's useful lifetime.

The transfers between the current public administration units and capital are recognized as costs to the final beneficiaries of the funds.

Other internal transfers are recognized abroad as costs by the institution which transfers funds.

Revenues represent taxes, fees, contributions and other amounts prescribed by law, as well as the price of some sold assets and rendered services relating to a period.

The organization, management and keeping accounting is the responsibility of the authorizing officer.

The revenues' structure is based on the budget to which belongs and includes:

Revenues owed to local budgets are:

- own revenues: buildings and land taxes, transportation taxes, contributions, rates deducted from income taxes, other revenues;
- sums deducted from some revenues of the state budget;
- subsidiaries granted from the state budget and other administrations;
- donations and sponsorships;
- financial operations.

Revenues owed to state budget are:

- current revenues

- fiscal revenues, income tax, profit and capital gains from individuals and legal persons, payroll taxes, property taxes and fees, value added tax, taxes on property use, exercise duty, taxes on foreign trade and international transactions.
- contributions and insurance.
- non-fiscal revenues: payments from the net profit of autonomous administrations, national firms and companies, concessions and rental revenues.

- capital revenues: revenues from the exploitation of some assets from public institutions, revenues from the sale of houses build from state funds.
- financial operations: receipts from the reimbursement of granted loans, amounts received from the European Union, as well as other donors for the payments made.

Revenues owed to the state social insurance budgets[66]*:*

- employers' contributions;
- contributions of insured persons;
- property revenues, interest revenues, services delivery revenues, various revenues;
- subsidies from other levels of public administration, subsidies from state budget.

Revenues owed to the unemployment insurance budget

- unemployment insurance contributions owed by employers and insured persons.
- property revenues, interest revenues, revenues from sales of goods and services.
- subsidies from other levels of public administration, state budget and other administrations.

The financial[67] statements are drawn up quarterly and annually by public institutions and consist of: the balance sheet, the patrimony result account, the cash-flow statement, budgetary execution account.

The financial statements will be drawn up on the basis of the registrations in analytical and synthetic accounting of patrimony economic operations which take place during the financial year. The city hall has the obligation to submit to the State Treasury which the accounts are opened, the cash-flow statements for obtaining the visa for the execution of cash

3.**C. I. JITARU, MIHAELA JITARU**, 2007, -Contabilitatea impozitelor, taxelor şi contribuţiilor, Editura Danubius, Brăila

[4] **C. I. JITARU, MIHAELA JITARU,** 2007, Bazele managementului prin conturi a patrimoniului instituţiilor publice, Editura Danubius, Brăila, pg.53-70

payments, balances of availability accounts, in order to ensure consistency between the data from the city hall's accounting with the ones from the Treasury's accounting.

CONCLUSIONS

• From the detailed local budget of revenues and expenses it can be observed that on the 1st quarter of the current year, there are no amounts allocated to finance health expenses, for this reason, I propose to be given a greater importance to health, and in particular to the renovation and equipment of dispensary.

• It can be stated that a small amount has been allocated for financing education from pre-school up to the gymnasia level. Regarding the financing of education, I would recommend the allocation of larger amounts for material and capital expenses, because investments in furniture, as well as in class rooms need to be made, these having a high degree of degradation. It can also be observed from the local budget that the amount allocated to goods and services to public authorities and external actions is small, making it difficult to cover the expenses involving the proper completion of the administrative act.

• Chapter 67.02 culture and religion has allocated a modest amount, and not even a penny is allocated to capital expenditure.

Insurances[68] and social assistance is a chapter in which the amounts are insufficient for the payment of salaries of personal assistants and persons with severe disabilities, as well as for the payment of social assistance beneficiaries according to Law 416/2001. For the payment of social assistance beneficiaries according to Law 416/2001 I propose a more detailed review of all records from where it was concluded that there are beneficiaries of this social benefit that exceed the legal provisions.

[5.] **C. I. JITARU, MIHAELA JITARU,** 2007, Bazele managementului prin conturi a patrimoniului instituţiilor publice, Editura Danubius, Brăila, pg.53-70

Regarding the activity within the communal city hall under study, I would have a few proposals for spending the money from the commune's budget, namely[69]:

- streets modernization and pedestrian crossings marking near the city hall, church, dispensary, veterinary dispensary, cultural house, shops as well as the installation of traffic signs;
- extension and rehabilitation of public lighting where needed, environment protection by maintaining the green space, modernization and renovation of the park in the neighboring village, as well as the arrangement of playgrounds for children;
- cleaning and deforestation of communal pastures;
- placing garbage disposals on back streets;
- due to the increased number of cars in the commune there is a need for traffic fluidization and an increase of the number of designed parking places.

There is a threatening problem regarding the commune's development such as qualified workers, in particular young people migrating to the West, and in this respect there should be an involvement of the local bodies to the commune's development.

For starters[70], the communal city hall and heads of the local public administration should deal with attracting investors in the region, which would lead to the increase of workplaces for the population of the commune, which would lead to a decrease in the number of those migrating abroad.

Also, the management of the communal city hall should consider increasing the living standards, revenues and a better organization of their collection where receipts from which higher revenues would be primarily achieved and determining the taxpayers liable to pay the taxes and fees to pay the overdue amounts owed to the city hall.

[6] **CONSTANTIN I. JITARU,2007,** Contabilitatea operaţiunilor economice specifice – Exerciţiul bugetului de venituri şi cheltuieli, Editura Danubius, Brăila

[7] **CONSTANTIN I. JITARU,2007,** Contabilitatea operaţiunilor economice specifice – Exerciţiul bugetului de venituri şi cheltuieli, Editura Danubius, Brăila

An effective management also depends on the employed personnel, therefore competent person are sought. An objective should be employing persons with qualification for the occupied position.

The insurance, computerization and management of all organized activities involving computer processing, propose the creation and functioning strategy of equipment and personnel systems, by following their proper functioning.

REFERENCES

1. C. I. JITARU, MIHAELA JITARU, 2007, -Contabilitatea impozitelor, taxelor şi contribuţiilor, Editura Danubius, Brăila, pg.20-42

2. CONSTANTIN I. JITARU,2007, Contabilitatea operaţiunilor economice specifice – Exerciţiul bugetului de venituri şi cheltuieli, Editura Danubius, Brăila, pg.10-18

3. C. I. JITARU, MIHAELA JITARU, 2007, Bazele managementului prin conturi a patrimoniului instituţiilor publice, Editura Danubius, Brăila, pg.53-70

4. AURELIA ŞTEFĂNESCU, AIDA ALEXANDROAIA, P. CRIŞAN – ,2010, Contabilitatea instituţiilor publice, Editura RAABE, Bucureşti, pg.43-57

5. HOTĂRÂREA CONSILIULUI LOCAL AL PRIMĂRIEI NR. 1/2011