

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Bachelor Thesis

Municipality Finance – Ústí nad Labem

Adéla Hejnová

© 2020 ČZU v Praze

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Adéla Hejnová

Economics Policy and Administration
Business Administration

Thesis title

Municipality Finance – Ústí nad Labem

Objectives of thesis

The main aim of this bachelor thesis is to analyse the expenditure of the budget of the statutory town Ústí nad Labem during the years 2012–2018. On the basis of gained knowledge, own proposal for investment expenditure will be formulated in order to improve the living standard in the town.

Partial objectives of the thesis are such as following:

1. definition of the theoretical background
2. analysis of the expenditure side
3. evaluation of the investment activity of the town in the given period
4. own proposal for investment expenditure

Methodology

The thesis will be divided into three main parts. The first part of this thesis will contain a literature review.

The second part of the thesis will focus on practical aspects of the problem. This part will analyze the municipality budget of Usti nad Labem in the period 2012 – 2018.

The last part will be the synthesis of the whole thesis.

The proposed extent of the thesis

30 – 40 pages

Keywords

municipality finance, budget, revenue, expenditures

Recommended information sources

KADERÁBKOVÁ, J. – PEKOVÁ, J. *Územní samospráva – udržitelný rozvoj a finance*. Praha: Wolters Kluwer Česká republika, 2012. ISBN 978-80-7357-910-4.

PEKOVÁ, J. *Finance územní samosprávy : teorie a praxe v ČR.*

PEKOVÁ, J. – PILNÝ, J. – JETMAR, M. *Veřejná správa a finance veřejného sektoru*. Praha: ASPI, 2008. ISBN 978-80-7357-351-5.

PROVAZNÍKOVÁ, R. *Financování měst, obcí a regionů : teorie a praxe*. Praha: Grada, 2015. ISBN 978-80-247-5608-0.

ULBRICH, Holley H. *Public Finance in Theory and Practice: Second Edition*. Second edition. Abingdon: Routledge, 2011. ISBN 9780203817018.

Expected date of thesis defence

2019/20 SS – FEM

The Bachelor Thesis Supervisor

doc. Ing. Irena Benešová, Ph.D.

Supervising department

Department of Economics

Electronic approval: 9. 3. 2020

prof. Ing. Miroslav Svatoš, CSc.

Head of department

Electronic approval: 9. 3. 2020

Ing. Martin Pelikán, Ph.D.

Dean

Prague on 23. 03. 2020

Declaration

I declare that I have worked on my bachelor thesis titled "Municipality Finance – Ústí nad Labem" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 23.3. 2020

Acknowledgement

I would like to thank doc. Ing. Irena Benešová, Ph.D. for her advices, recommendations, willingness and patience which helped to write and finish this thesis. I would also like to thank whole my family, my granddaddy who just went in peace, for trust and support in my life without I would not have been where I am nowadays. My last thanks go to my friend and classmate Terezie with whom we went through the whole studies.

Municipality Finance – Ústí nad Labem

Abstract

The main aim of this thesis is to analyse the expenditure part of the selected municipality, which is the Statutory City of Ústí nad Labem in the period 2012–2018. An indispensable part is the subsequent proposal of investment expenditures in order to improve the living standards and image of the city.

The Statutory City budget consists of the city council's budget and four city districts' budgets. From the expenditures' comparison of the city, it can be said that Ústí nad Labem manages a modest profit, with an exception in the year 2015 of the monitored period, the city ended up with a deficit. However, this was mainly due to the drawing of European subsidies within the city's development investments, which do not cover 100% of the amount of the given projects, the rest money is paid by the city. Expenditure of the city has a growing trend, the highest volume of investment expenditures was in the already mentioned year 2015.

The city has got tied hands in terms of large investment and necessary finances, as it is considerably indebted up to 2030. Following the results, a proposal is formulated for the development and improvement of the city's current state through a possibility of implementing local fees as a source of revenues' increase in the municipal budget.

Keywords: Public administration, Territorial self-government, Municipality, Public budget, Municipal budget, Extra-budgetary funds, Public budgets' revenue, Public budgets' expenditure, Budgetary perspective

Obecní finance – Ústí nad Labem

Abstrakt

Hlavním cílem této bakalářské práce je rozbor výdajové části ve vybrané municipalitě, tou je statutární město Ústí nad Labem v časovém období 2012–2018. Neopominutelnou součástí je následný vlastní návrh investičních výdajů za účelem vylepšení životní úrovně města.

Rozpočet statutárního města se skládá z rozpočtů magistrátu a čtyř městských obvodů, s čímž majoritním rozpočet je rozpočet magistrátu. Z porovnání výdajů města lze říci, že město hospodaří s mírným ziskem, výjimkou ve sledovaném období byl rok 2015, kdy město skončilo s deficitem. To ovšem bylo zapříčiněno především čerpáním evropských dotací v rámci rozvojových investic města, které nepokrývají 100% částky daných projektů, zbytek doplácí město. Výdaje města mají rostoucí tendenci, nejvyšší objem investičních výdajů byl v již zmíněném roce 2015.

Město má bohužel svázané ruce, co se týče velkých investičních a potřebných financí, jelikož je značně zadluženo, a to až do roku 2030. V návaznosti na zjištěné výsledky je navrženo doporučení pro rozvoj a zlepšení současného stavu obce díky možnosti zavedení místních poplatků jako zdroje navýšení příjmů obecního rozpočtu.

Klíčová slova: veřejná správa, územní samospráva, obec, veřejný rozpočet, obecní rozpočet, mimorozpočtové fondy, příjmy veřejných rozpočtů, výdaje veřejných rozpočtů, rozpočtový výhled

Content

1 Introduction	11
2 Objectives and Methodology	12
2.1 Objectives.....	12
2.2 Methodology	12
3 Literature Review	15
3.1 Fiscal Federalism	15
3.2 Public Administration	16
3.3 Municipality	19
3.4 Public Budget.....	20
3.4.1 Definition of Budget	20
3.4.2 Balance of Budget.....	21
3.4.3 Budgetary System	21
3.4.4 Budgetary Principles.....	22
3.4.5 Budgetary Perspective	23
3.4.6 Budgetary Process.....	24
3.4.7 Budgetary Structure	25
3.5 Extra-budgetary Funds	26
3.6 Municipal Budget.....	27
3.7 Public Budgets' Revenue.....	28
3.8 Public Budgets' Expenditure	30
4 Practical part	32
4.1 Introduction of the chosen city.....	32
4.2 Budget of the Statutory City of Ústí nad Labem.....	33
4.3 Expenditure structure and development in 2012–2018.....	34
4.4 Expenditure of the city in 2012–2018 – chapter breakdown	35
4.5 Total expenditure divided to the city council and city districts in 2012–2018	37
4.5.1 Current expenditures divided to the city council and city districts.....	38
4.5.2 Capital expenditures divided to the city council and city districts	39
5 Results and Discussion	40
5.1 Conversion of the city total expenditure per capita	40
5.1.1 Conversion of the city current and capital expenditures per capita	41
5.2 Analysis of total expenditure by index.....	43
5.3 Expenditure in individual years	43
5.3.1 Expenditure in the year 2012	43
5.3.2 Expenditure in the year 2013	45

5.3.3	Expenditure in the year 2014	46
5.3.4	Expenditure in the year 2015	48
5.3.5	Expenditure in the year 2016	49
5.3.6	Expenditure in the year 2017	51
5.3.7	Expenditure in the year 2018	52
5.4	The highest expenditure of the city council in the monitored period	54
5.4.1	Current expenditures	54
5.4.2	Capital expenditures	55
5.5	Evaluation of the investment activity in the monitored period	57
5.6	Own proposal for capital expenditures	58
6	Conclusion.....	61
7	References	63
8	Appendix	68

List of diagrams/pictures/figures

Diagram 1	Breakdown of Public Administration	17
Diagram 2	Breakdown of Budgetary System	22
Picture 1	Map of the city including city districts.....	33
Picture 2	Map of brownfields of the City of Ústí nad Labem	60
Figure 1	Trend of total expenditure	35
Figure 2	Expenditure of the city Ústí nad Labem in 2012–2018.....	35
Figure 3	Expenditure of the city in 2012–2018 – chapter breakdown.....	36
Figure 4	Total expenditure divided to the city council and city districts	38
Figure 5	Current expenditures divided to the city council and city district.....	39
Figure 6	Capital expenditures divided to the city council and city districts.....	40
Figure 7	Conversion of the city total expenditure per capita.....	41
Figure 8	Conversion of the city current and capital expenditures per capita	42
Figure 9	Conversion of the city current and capital expenditures per capita by %	42

List of tables

Table 1 Calculation of ratio indicators	14
Table 2 Chain index	43
Table 3 Base index	43
Table 4 Breakdown of expenditure in 2012 including the percentage share	44
Table 5 Breakdown of current expenditures in 2012 including the percentage share	44
Table 6 Breakdown of capital expenditures in 2012 including the percentage share	45
Table 7 Breakdown of expenditure in 2013 including the percentage share	45
Table 8 Breakdown of current expenditures in 2013 including the percentage share	46
Table 9 Breakdown of capital expenditures in 2013 including the percentage share	46
Table 10 Breakdown of expenditure in 2014 including the percentage share	47
Table 11 Breakdown of current expenditures in 2014 including the percentage share	47
Table 12 Breakdown of capital expenditures in 2014 including the percentage share	48
Table 13 Breakdown of expenditure in 2015 including the percentage share	48
Table 14 Breakdown of current expenditures in 2015 including the percentage share	49
Table 15 Breakdown of capital expenditures in 2015 including the percentage share	49
Table 16 Breakdown of expenditure in 2016 including the percentage share	50
Table 17 Breakdown of current expenditures in 2016 including the percentage share	50
Table 18 Breakdown of capital expenditures in 2016 including the percentage share	51
Table 19 Breakdown of expenditure in 2017 including the percentage share	51
Table 20 Breakdown of current expenditures in 2017 including the percentage share	52
Table 21 Breakdown of capital expenditures in 2017 including the percentage share	52
Table 22 Breakdown of expenditure in 2018 including the percentage share	53
Table 23 Breakdown of current expenditures in 2018 including the percentage share	53
Table 24 Breakdown of capital expenditures in 2018 including the percentage share	53
Table 25 The highest current expenditures of the city council	54
Table 26 Summarization of capital expenditures by investment groups	56
Table 27 Municipal waste fees in 2012–2018	59
Table 28 Employees' salaries at the city council in 2012–2018	60

List of abbreviation

CD	City district
CC	City council
ČSÚ	Český statistický úřad / Czech Statistical Office
EIB	European Investment Bank
KB	Komereční banka / Commercial Bank
IPRM	Integrovaný plán rozvoje města / Integrated Town Development Plan

1 Introduction

Public administration in the Czech Republic is the highest pillar of the state, whose most important subjects are territorial self-government units. The division of territorial self-governments into regions and municipalities is given by the Constitution of the Czech Republic. Since 1990 there was going on a reform of public administration, this year territorial self-government units were established and a lot of changes in the area of municipal financing arose. The biggest turning point occurred at the establishment of the Czech Republic, Czech Constitution, a new tax system in 1993. Those ones helped fundamentally the territorial self-governments in their higher status and independence. An important year was also the year 2000, while several important laws were adopted in terms of the status and financing of municipalities and their property order. These were mainly the law about municipalities, regions, new budgetary rules such as the Act on Budgetary Determination of Taxes, the Act on Budgetary Regulations of Territorial Self-governments Budgets. The reform of public administration was completed at the end of the year 2002 by the abolition of districts and the establishment of municipalities with extended powers. As a follow-up the budgets of territorial self-governments play a very important role as essential financial plans (*Grospič, Vostrá, 2004; Toth, Moderní obec, 2009*).

A municipal board, is a body that is elected by local citizens, manages according to budget of territorial self-government units, so municipality or region. The budget is one of the most important pillars of municipality economics and subsequent development, together with the assets of the territorial self-governments. The municipal board should deal with the budget taking into account the municipality citizens' wishes. Financial resources are redistributed through the budgets without which public entities could not exist. The largest revenue flowing to the municipal budget is usually tax revenue. Local governments have the opportunity to receive subsidies from the European Union since 2004 as an amount of revenue. While the structure of revenue of individual municipalities is not very different, the structure of expenditures is different. The difference is due to different needs and preferences of municipalities and municipalities citizens. The budget becomes not only an economic tool but also a political tool. For these reasons it is necessary to pay increased attention and diligence to the budget of the regional self-government units already during its preparation and subsequently also during its implementation.

2 Objectives and Methodology

2.1 Objectives

The main object of this bachelor thesis is to analyse the expenditure part of the budget of the Statutory City of Ústí nad Labem during the years 2012–2018. On the basis of gained knowledge, own proposal for investment expenditure will be formulated in order to improve the living standard in the city.

Partial objectives of the thesis are such as following:

1. definition of the theoretical background
2. analysis of the expenditure side
3. evaluation of the investment activity of the city in the given period
4. own proposal for investment expenditure

2.2 Methodology

The thesis will start with a literature review. The materials for the research will be obtained by studying the scientific literature, internet sources and laws. The gained knowledge will be mostly from the area of public administration and public finance. Concepts such as fiscal federalism, public administration, municipalities, public budget, extra-budgetary funds, revenues and expenditures of public budgets will be explained as well.

The literature review will be followed by a practical part. The data for writing the thesis will be drawn from the individual Ústí nad Labem city budgets and internet sources. The data will be analysed in the time period 2012–2018. Methods such as analysis (data breakdown), synthesis (data unification), description, comparison using basic statistical indicators will be used. The data of the individual budget parts will be recorded into tables and accompanied by charts. Within the basic characteristics of the city expenditure part, total expenditures of which current and capital expenditures will be monitored as well as calculations of expenditures per capita will be included. Furthermore, they will be divided into total, current, capital expenditures of the city council “Magistrát“ and city districts, which constitute the total budget of the Statutory City of Ústí nad Labem. Current and capital expenditures of the city council will have the most important items mentioned for each year. The practical part will begin with the characteristics of the city Ústí nad Labem, its socio-geographic side complemented by historical development. It will continue with

the analysis of expenditure data in individual years, followed by a synthesis and comparison within the entire monitored period. The ratios of the budgets partial items will also be calculated during the analysis (Table 1).

Based on the results, conclusions and evaluation of the investment activity of the city will be drawn in the given period as well as a suitable proposal will be proposed to improve the life image of the city.

Statistical indicators:

The arithmetic mean will be used in the analysis of the city budgets.

$$\bar{X} = \frac{X_1 + X_2 + \dots + X_n}{n} = \frac{\sum X_i}{n}$$

\bar{X} – average value

X_1, X_2, X_n, X_i – value

n – number of units examined

\sum – sum (*Matematika.cz, 2005-*)

Base and chain index belonging to partial relative indicators will be used during the analysis of the city budgets.

Base index

$$U = \frac{X_{t+n}}{X_t}$$

U - partial absolute difference indicator

X - absolute basal index

t - base period index

n - number of units examined

Chain Index

$$U = \frac{X_{t+(n+1)}}{X_{t+n}}$$

U - partial absolute difference indicator

X - absolute basal index

t - base period index

n - number of units examined (*Kraftová, 2002*)

Table 1 Calculation of ratio indicators

Name of indicator	Formula
expenditure per capita	total expenditure / inhabitants
current expenditures per capita	total current expenditures / inhabitants
capital expenditures per capita	total capital expenditures / inhabitants
comparison of current expenditures and total expenditure (%)	current expenditures / total expenditure x 100
comparison of capital expenditures and total expenditure (%)	capital expenditures / total expenditure x 100
comparison of CC/CD's expenditure and city expenditure (%)	total expenditure of CC or CD / total city expenditure x 100
comparison of the CC/CD's current expenditure and city current expenditures (%)	current expenditures of CC or CD / city current expenditures x 100
comparison of the CC/CD's capital expenditure and city capital expenditures (%)	capital expenditures of CC or CD / city capital expenditures x 100

Source: own work

3 Literature Review

3.1 Fiscal Federalism

The development of fiscal federalism began primarily after the Second World War in the Anglo-Saxon countries which was caused by a departure from the central government due to a distrust of market economy. Progressively, more levels of government came into existence with transfers of functions to lower governmental and local authorities (territorial self-governments) what began to be called decentralization. For the first time, the term of fiscal federalism was introduced by Richard and Peggy Musgrave in 1959 (*Musgrave, Musgrave, 1989*). Another important person who contributed to fiscal federalism was Wallace E. Oates (*Oates, 1991*). From the democratic point of view, the word federalism itself means that there is more than one government, more levels or counterweight to central power that allows better control over the elected authorities as well as a tool using to political decision-making (*Valdesalici, Palermo, 2018*). The word fiscal means budgetary relating to money, taxes and state treasury including a forecast for the future. It follows that fiscal federalism deals with the whole system of public finances in a multi-level arrangement and its management. It can be specified in more detail:

- *“Division of competencies for securing public goods among different levels of government*
 - *Allocating financial resources of individual government levels, either subsidies or the allocation of tax jurisdiction*
 - *Determining at which governmental level the ensuring of public goods is most effective*
 - *Optimization of relations in the budgetary system*
 - *Examining the measure of financial self-sufficiency of individual government levels”.*
- (*Červenka, 2009*)

In recent years, more and more attention has been paid to fiscal federalism mainly due to the increasing role of territorial self-governments

Regarding the aforementioned decentralization above, sometimes we can see its division into administrative and fiscal decentralization. Fiscal decentralization, in other words, tax jurisdiction is a function that some territorial self-governments have for partial financial autonomy. They collect taxes and are responsible for spending. Administrative decentralization means that taxes are collected by state and then redistributed among

territorial self-governments, where they manage the money under central government control. Regarding the Czech Republic, there is an administrative decentralization.

There exist more models of fiscal federalism in the Czech Republic, which differ in the number of government levels in a country, their degree of financial autonomy as well as what kind of state it is federal or unitary. We applied the combined model in the Czech Republic.

- Vertical model: this model is based on fiscal policy, financial self-sufficiency and the responsibility of individual levels of government. It is applied in the USA, Canada, Australia. The vertical model is subdivided into:
 - centralized model of fiscal federalism: revenues flow to state budget and subsequently are redistributed in territorial self-governments' budgets
 - decentralized model of fiscal federalism: revenue flows directly to territorial self-governments' budgets
- Horizontal model: it is called cooperative as well, financial relations between different levels of government are created, they balance financial differences by using subsidies from the richer parts to the poorer. It is typical of Germany.
- Combined model: it works in most countries around the world. Each government level has its own revenue which is supplemented by subsidies most often from a higher-level budget also from the same level, so that there are no big differences (Peková, 2005)

Here is the division of government levels:

- *“Transnational (European Commission)*
- *Central (federal government, central government of unitary state)*
- *Regional (lands, republics, regions, provinces)*
- *Territorial self-government (single, multi-level)” (Červenka, 2009)*

3.2 Public Administration

Public administration can be defined as a set of activities that provide public services, ensure public interests, deal with public issues, provide protection. In a word, they manage a delimited territory, it is a state and its parts the so-called self-governments within the limits of the law. Administrative bodies are also considered as the public administration that manage it. In every democratic country, public administration is

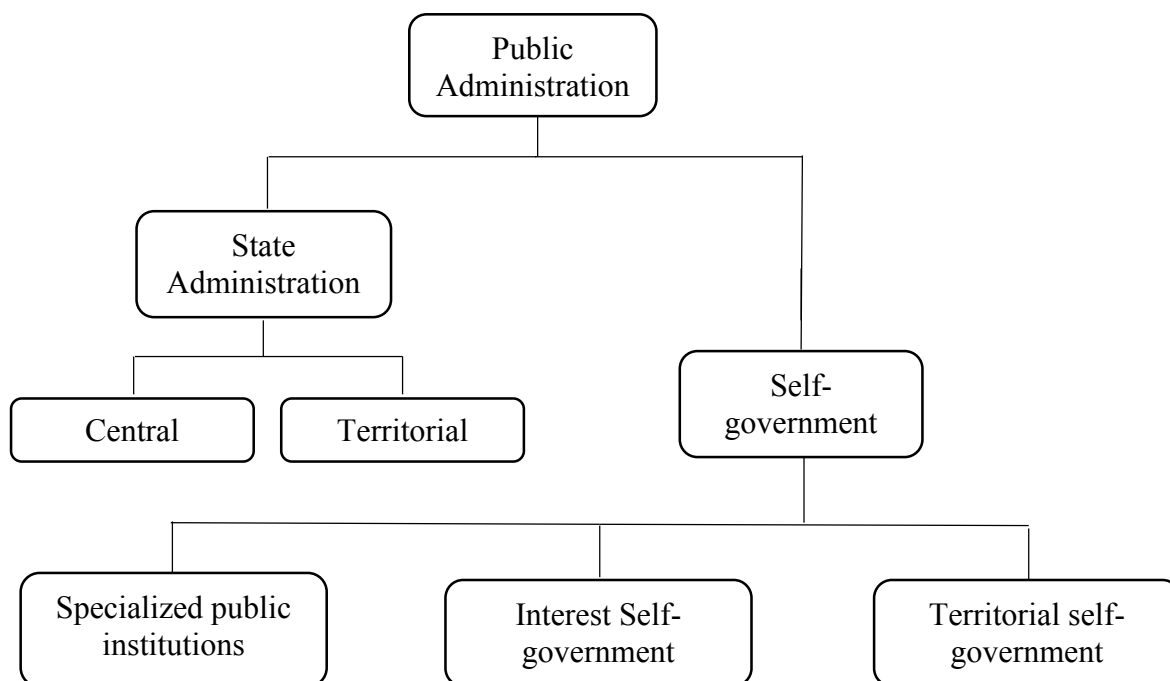
defined by the constitution, although each country has a different public administration. Its activities are influenced by legislative, executive and judicial powers. Its main tasks are to create state policy, transfer information and instruction, satisfy people's needs, achieve the highest quality goals based on administrative bodies' decisions so that the results are controllable, and somebody always takes responsibility for them (*Shafritz, Hyde, 2015*). In European countries, public administration is based on principles such as:

- *“Neutrality*
- *Equality*
- *Openness*
- *Performance*
- *Efficiency*
- *Responsibility”*

(*Peková, Pilný, Jetmar (2008)*)

Public administration of the Czech Republic is divided into several subsystems, see the diagram number 1. Its main parts are the state and territorial self-government.

Diagram 1 Breakdown of Public Administration



Source: own work and Peková, Pilný, Jetmar 2008

State administration is defined by its own state territory, state power, and citizens. It is the top point that determines the legal field for the position, tasks and organization of self-government. At the same time, it cooperates with self-government, provides professional and methodological assistance, financial resources' protection, and supervises its activities. *(Peková, Pilný, Jetmar, 2008)*

The concept of self-government means that the subsystem has a right in some cases to make autonomous decisions and represents a state in some cases. It is defined by law. Self-government is entitled, for example, to own property, have own financial revenue, drawing up its own budget. It is further subdivided into territorial self-government that is region and municipality, Interest Self-government for example Czech Bar Association, Notary Chamber of the Czech Republic, Czech Medical Chamber. Then, specialized public institutions for example public schools, public television and public funds with corporations. A frequent problem of self-governments is a conflict with the law, which violates the decision-making power. They go beyond their competence against the state. Control and sometimes, court intervention are necessary. *(Rozvojobci.cz, 2011; Peková, Pilný, Jetmar, 2008)*

As it was mentioned, one of the most important parts of self-government is territorial self-government. We often can come across the words self-government and territorial self-government as synonyms, but it is not correct. Territorial self-government is a part of self-government and a spatially delimited territory by law, a form of public authority and a right of citizens to manage a territory smaller than a state. This territory is partially independent of the state and is administered by a non-state entity, in the Czech Republic's case by region or municipality. Territorial self-government is one of the basic elements of a democratic state, in Europe we have been able to meet it for many centuries, in the Czech Republic since the 14th century. The basic idea behind the establishment of territorial self-governments is that a smaller unit is able to meet local needs better and at the same time the easiest way for the citizen to participate in management, influence social processes and control quality management.

Region is a higher degree of territorial self-government after municipality and a unit between country's central government and municipality. The number of inhabitants is over one million. Administrative body: local authority/board (basic one), council (executive body), committees (supervisory body), commissions (advisory body), county

governor, region office. (Marek, Pánková, Šímová, 2004; Goldsmith, Page 2010; Nemeč, Špaček 2017)

3.3 Municipality

Municipality is a basic unit of territorial self-government as well as a territorial unit of the state which acquires a higher position due to constant reforms and decentralization. The municipality is a legal entity and a public corporation situated in a defined area registered in the cadastral area. Each Czech municipality is a part of a district and region. The municipality is defined by its own government, territory, citizens. The municipality is a representative of municipal interests, an individual economic subject, a bearer of public power consisting of municipal bodies. The municipality owns property, provides of socio-economic development, public services, acts by its own name, manages its finances, cooperates with other municipalities and entities, can set up businesses. An important document determining the right to self-government of municipalities is the European Charter, which has been valid since 1999 in the Czech Republic, otherwise it was adopted already in 1985. The main sources on the position of municipalities are the Constitution of the Czech Republic and the Municipalities Act 128/2000 (Česko, 2000). Municipal authorities: municipal board (basic one), council (executive body), committees (supervisory body), commission (advisory body), mayor, municipal office. (Peková, Pilný, Jetmar, 2008; Svaz měst a obcí České republiky, 2010)

- Village: they are small areas with a population up to 3000, less built-up development, mainly family houses. Primarily associated with agriculture, greener.
- Borough: it is a special link between village and city, less common. Mainly linked to history. In the past, it served the catchment function of the surrounding villages. Nowadays, they are larger villages including surrounding rural areas.
- Town: they are territorial units with a population over three thousand, it is an area with a larger number of buildings. It provides more service options. Its function is educational, cultural, business. There is increased occurrence of industry. It is higher in development, different in quality and quantity.
- City: they are territorial units with a population over one hundred thousand divided into city areas, wards or districts.
- Statutory City: It is a kind of city whose administration is organized under a city decree. The only difference between the Statutory Cities and the others is that they

have county governor instead of a mayor and the “Magistrát” office instead of municipal office.

- Capital city of Prague: a single and special division, is a municipality at the same time a region. Prague the capital of the Czech Republic is divided into ten city wards (they have their own territorial self-government), twenty-two administrative wards and fifty-seven city areas. (*Marek, Pánková, Šimová, 2004; Deník veřejné správy, 2006; Svaz měst a obcí České republiky, 2010; Goldsmith, Page, 2010*)

3.4 Public Budget

3.4.1 Definition of Budget

It is a treasury and a pillar of a particular territory or grouping, an indicator of the ability to manage financial resources and a cash flow for a certain period which is often one calendar year. The budget can be defined in detail as follows:

- Money Fund: we distinguish a dual money fund, either centralized which is the state budget or decentralized which is at the level of lower self-government so the budget of municipalities and regions
- Financial plan: it is distribution of financial resources of a state or municipality for a certain period, often for one year
- Balance: it indicates the balance between revenue and expenditure.
- Management tool: a tool that ensures social, political functions, security and serves to maintain economic stability, employment and development of a territory. It is a tool for election programs financing. Quality of life and the status level of states on the global scale depend on a given budget of a country.
- Source of financial literacy: it is a consequence of the ability to know and manage financial resources

Its task is to finance needs and ensure various public goods for inhabitants. Budget is built on the following principles:

- Irrevocability: For instance, we do not get the taxes back which we pay and the social benefits, which we get, need not be refunded
- Inequality: We cannot find an even relation between paying (taxes) and payback (receiving pensions, subsidies, social contributions)
- Involuntariness (*Peková, Pilný, Jetmar, 2008*)

Budget is normally divided into current and capital parts. This is mainly due to controls, analyses.

- Current budget means the balance of current revenues and expenditures for a certain period. It serves to finance common, obligatory, daily needs. They form majority of the budget.
- Capital budget means that revenues and expenditure are one-off and non-recurring. It serves to finance investments that are often scheduled into more than one time period. (*Červenka, 2009*)

Each budget has several functions, the main ones include:

- Allocation: it collects public goods
- Stabilization: it serves to raise and keep a high level of a state and stabilize a municipal economy.
- Redistribution: it serves for a fair redistribution of financial resources in society such as pensions, subsidies, benefits (*Pospíšil, Žufan, 2019*)

3.4.2 Balance of Budget

It is the relationship between revenue and expenditure over a period that can be expressed by mathematical formulas as follows: $F1 + R - E = F2$

F1 state of financial resources at the beginning of the budget period

R Revenues, E Expenditure

F2 state of financial resources at the end of the budget period

We have three possible outcomes at the end of the budget period

- 1) $R = E$ budget is balanced
- 2) $R > E$ budget surplus – creation of financial reserves
- 3) $R < E$ budget deficit – formation of financial debts

In order to keep a good stability and function of a state, the budget should be balanced or in surplus. Conversely, the deficit should be exceptional and small, mainly because of money interest that needs to be paid extra. (*Červenka, 2009*)

3.4.3 Budgetary System

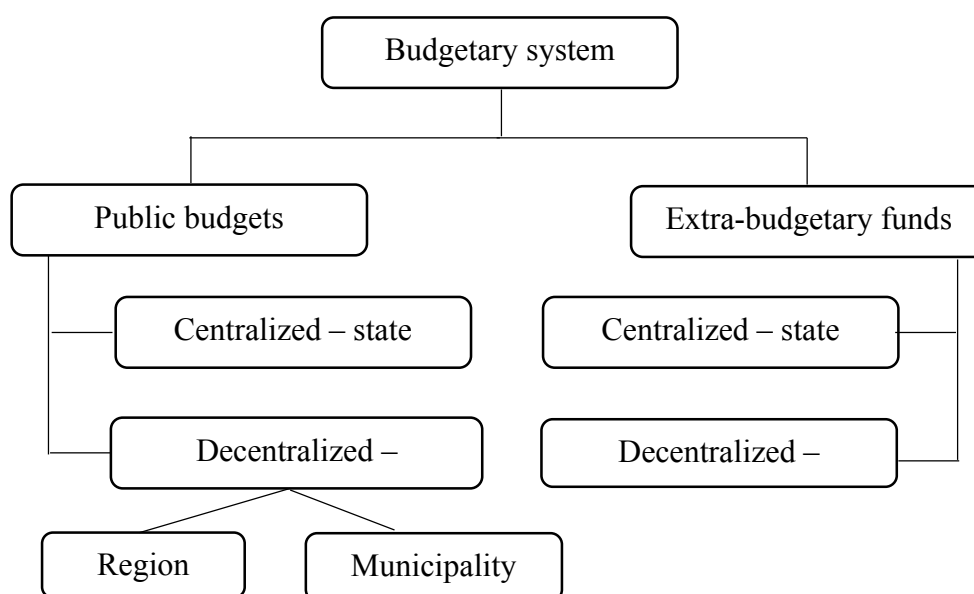
It is a term referring to a set of budgets placing in a particular territorial unit or group. It is described as a relationship between the individual budgets of the budgetary system and a set of bodies that create and manage budgets. The main authorities in the

Czech Republic include the Ministry of Finance as the supreme body of the budget system, tax offices and directorates, and financial departments. Budgets are governed by laws and the main budget is always the state. In general, breakdown the budget system as follows:

- Transnational budget (budget of grouping, larger than one state. It may be a budget of the European Union, UN, NATO)
- State budget (country's main budget)
- (Central budget for federal countries - budgets of lands, cantons, states, provinces)
- Budget of territorial self-governments
- Budget of public non-profit organizations, public enterprises
- Budgets of extra-budgetary funds (*Peková, Pilný, Jetmar, 2008*)

It is further divided into several levels, always depending on the structure, size and state management. The budget system in the Czech Republic includes the parts included in diagram 2.

Diagram 2 Breakdown of Budgetary System



Source: Peková, 2005

3.4.4 Budgetary Principles

There are few principles that have to be respected in order to a budget come into existence and properly serve.

- “To compile and approve each year (a basic pillar of a state)

- *To be real and true*
- *To be complete and seamless* means to include everything needed.
- *to be balanced (demonstration of good management)*
- *To be effective, efficient (correctly allocate financial resources to specific needs)*
- *To be accessible to the public (inform the public about compilation, approval, implementing)” (Červenka, 2009)*

Being real is important for its ability to implement, to avoid deviations and other economic problems that can significantly affect the functioning of the whole country, including the private sector (*OECD, c2019*).

3.4.5 Budgetary Perspective

In other words, budget forecast is a medium-term plan that allows to estimate the financial resources, needs over a period of more than one year, exactly two to five years, and helps to make the budget system more efficient. In terms of financing, budgetary perspective includes the structure, quantity, quality of public goods. It is rooted in an annual budget planning. The budget perspective is obligatory for territorial budgets and is given by Act No. 250/2000 in the Czech Republic (*Sbirka zákonů, 2000*). Budgetary perspective is based on current, capital, random revenues and expenditures, receivables, payables. It depends on inflation, unemployment and consumer balance. It is important to use data from the previous two to three years during compiling and take into account expectations of the end of the current financial period. The reason is to ensure long-term balanced management. The benefit of the budgetary perspective is the improvement of long-term and strategic planning, providing information on how the planned activities are implemented and under what conditions. It draws attention to the risks of future management and allows to prevent their occurrence. (*Ulbrich, 2011; Musell, 2009*). It is important for:

- *“Investments and current needs planning*
- *Improving the management of socio-economic development*
- *Avoiding the threat of possible credit (...)*
- *Facilitation of credit negotiations*
- *Quick orientation in financial possibilities*
- *Improving and simplifying the processing of the annual budget*
- *A long-term comprehensive view of the financial situation*

• *Overview of management options and use of repayable financial resources”*
(Provazníková, 2009)

3.4.6 Budgetary Process

It is creating of public budgets according given rules and procedure. It consists of several parts: proposal, discussion, modification, approval, implementation, control and review. Public budgets are based on budgetary perspective of three years or more. The creation itself starts at least six months before the beginning of a new budget period. A principle of publicity is respected to inform the whole public.

The proposal is the most difficult part of the process. Revenue and expenditure' development is monitored over the past two years including the current period, at the same time the end of the financial year is estimated. The place emphasis on the volume and structure of revenue and expenditure, effect of tax change, exogenous impacts, indebtedness, energy price rise, planned investments and financial transfers from the state budget. Before, it is needed to pre-defined expenditures' needs and savings should be planned too. Proposal's compiler is usually a relevant financial department of the municipal/regional office, which also oversees the budget implementation and control. The proposal is discussed and approved by voted authority, it means a municipal board at the given government level. If the proposal is vetoed, it is remade by the same body so the financial department. However, if it is not approved by the beginning of a new budget period, the so-called provisional budget is implemented, it is provisional based on the previous budget. A provisional arrangement may also occur if the municipality does not know the number of subsidies, which is an essential part of some budgets.

During the budget implementation, various adjustments may be made in particular for reasons of incurred reimbursements that cannot be covered. They are based on preventive budgetary measures such as financial resources transfer between budget parts or exceeding the budget in one of the parts.

Closing accounts are the last issue of the period, they are made after the end of each budget period. The closing account of a municipal budget is approved by the municipal board. (Shah, 2007; Ulbrich, 2011; Swain, Reed, 2010; Mtwesi, 2015; Pospíšil, Žufan, 2019; Peková, 2005)

3.4.7 Budgetary Structure

Budget structure sometimes also called budget classification sorts the parts, so revenue, expenditure of public budgets and its financing to be clear and systematic. It also serves for analytical and statistical operations, comparisons, summarizes revenue and expenditure. The classification is based on the cash principle, it means movement of financial resources through the bank accounts, their crediting and debiting. As far as cash turnovers are concerned, they are not included in the budget structure until they are entered to the bank accounts. Movements between the cash registers and the bank accounts are taken into account as well. Money operations are linked to the budget period so one calendar year. (*Unhabitat, 2009*) There is a four classification:

- Responsible: obligatory only for the state budget due to size. It is divided into chapters and each one has its own administrator. This is similarly classified as generic. It uses a one-to-four digit code and differs by groups, sections, subsections, paragraphs.
- Functional: sorts only the expenditure part of budgets and non-tax and capital revenues only in budgets of territorial self-governments. It is based on purposes where money is needed.
- Consolidation: built on recording units, avoiding duplication of the same money operation, for example while subsidies are paid out as well as correcting revenues and expenditure during counting.
- Generic: There is the same structure of the budget parts as in accounting due to their interconnection. It is mandatory throughout the budgetary system. It is the only one that is mandatory throughout the whole budgetary system.

Structure: Encashment versus payment, repayable versus non-repayable, liabilities versus assets, obligatory versus optional, current versus capital, domestic versus foreign. (*Peková, Pilný, Jetmar, 2008*)

Revenue means “*an amount representing income*“ “*an amount of money allocated to the maintenance and growth*“. “*Revenue are those incomes which do not incur repayment liability*“ such as loans, credits, revenue from initial public offers, as well as repayments which are used to finance items (*Cambridge Dictionary, c2020; Business Dictionary, 1996; Jak Finance, 2012*). Divided into four classes:

Class 1: Tax revenues

Class 2: Non-tax revenues

Class 3: Capital Revenues

Class 4: Received subsidies

Expenditure means non-repayable payments and repayable loans provided (*Peková, Pilný, Jetmar, 2008*), “the total amount of money that a government spends”. (*Cambridge Dictionary, c2020*) An expenditure deals with the costs required to operate a state or municipality. They do not include repayment of principal sums from credits, repayments of bonds, money transfers for earning interest, purchases of shares and bonds due to financial surpluses, loans to other subjects for liquidity purposes. Expenditure compared to revenue is more flexible and better coordinated in terms of investment. Divided into two classes subsequent to revenue:

Class 5: Current expenditures

Class 6: Capital expenditures

Financing falls into Class 8: These are operations that accept borrowed repayable loans, their repayments, or operations that lend repayable loans. The class financing equalizes the balance that is the expenditure for purchasing of shares, bonds to cover a deficit or use surplus money. This class includes country’s data showing the change of state in the bank accounts, the revenue and expenditure implementing to find out the balance. (*Peková, 2005*)

3.5 Extra-budgetary Funds

They are financial pillars targeted at a specific segment of the public sector to support and implement various goals/tasks. They are parallel treasuries to state and municipal budgets. Extra-budgetary funds are either centralized = state funds or decentralized, funds of territorial units, non-profit organizations, public enterprises. They fall into the budget system. Extra-budgetary funds are set up by acts, each of state extra-budgetary funds has its own act. They are approved together with municipal and state budgets. Their task is to ensure the long-term stability of certain needs. It manages public financial resources. They are bounded by expenditure and have their own revenue. Money cannot be transferred between the individual funds. Under specified conditions, they

provide grants, subsidies or loans based on non-market way (*Ulbrich, 2011; Allen, Radev, 2006*). Types of extra-budgetary funds in the Czech Republic:

- State funds (managed by individual ministries except the Ministry of Finance)
- Funds of municipalities and regions
- Special-purpose funds
- Trust funds (health and social security, budgets of health and social insurance companies at the same time)
- Business support funds
- National Fund (mainly mediates EU revenue)
- Privatization funds (*Peková, Pilný, Jetmar, 2008*)

3.6 Municipal Budget

It is a treasury of a territorial self-government. It is also referred to as a decentralized money fund, which serves for management and realization of economic social development of a smaller area than a state itself based on its own interests, local needs and preferences of inhabitants living in the given territory. It is often supplemented by extra-budgetary funds. The municipal budget is approved by the municipal authority/board for a budget period. In general, the same principles apply to the state budget, but some included parts are voluntary compared to the state budget. Within the territorial budgets we introduce the concept of cash budgeting, which means short-term money planning for weeks, for a few months at most. This is very important the municipal budget is not self-sufficient, and it is needed to be ready for unexpected situations. The territorial budget consists of two parts, expenditure and revenue. Revenue is obtained either from the state budget or European funds (subsidies) or from own activities (fees, property, business, trading, sanctions and fines). The calculation of government subsidies is stipulated in the State Budget Act. Regarding European funds, they go through the Ministry for Regional Development at first. The management of municipalities is controlled by audits. Financial turnovers are carried out use of bank accounts. Finance is always separate to revenue and expenditure accounts. The municipal budget is linked to financial relations with the public sector, business entities, state budget, other municipalities, and other entities (financial institutions). (*Peková, 1997; Swain, Reed, 2010; Pospíšil, Žufan, 2019*)

3.7 Public Budgets' Revenue

It is a source to cover expenditure, investment and a fundamental unit of a budget. They finance the needs of the public sector. There are several types of divisions. **Fiscal**: Generally, public revenues flow into the state budget, which redistributes them to other public budgets. The main revenues are taxes. And **Parafiscal**: revenues given by law for extra-budgetary funds or non-public budgets such as contributions, benefits, fees. For example, health insurance whose finances flow into health insurance budgets. Next one is **Repayable**: temporal, is revenues that are returned to the subject from which it was earned after time. In the case of the state budget, we can name finances obtained from the initial public offers (treasury bills, government bonds). Repayable revenues are credits, loans or financing of investment needs mostly. And **Non-repayable**: majority of all revenues belong to the non-refundable group. Those are taxes, benefits, fees, subsidies, gifts, sales or rental revenue. They flow into the budget from various entities such as other parts of the budgetary system, citizens, companies, extra-budgetary funds, other entities (shared investments). As well as **Own revenue**, for example, from collecting fees, own business, administrative activity (extracts from registers, stamps/signatures, verification of the document's authenticity) or sale and rental of property. Versus **Transfers**, subsidies in the same word, are the second most important source of income (after taxes) for municipal budgets. They flow from the state budget as well as from extra-budgetary funds, and abroad (EU). Municipal budgets are not self-sufficient. Other revenue is not enough for the needs of public affairs. They fall under both groups repayable and non-repayable regarding the use. They are either used as revenue for current expenditure or for specific operations. As well as transfers are subdivided into purpose and non-purpose. Purpose ones ensure the quantity and quality of public goods and their standard level. They are often used for one-off needs, realization of financial intentions in politics or public life (culture), investment construction, financial investments that go beyond the location (roads). Non-purpose transfers are not determined in advance, often used to pay a budget deficit. In order to receive the subsidy, it is necessary to meet some conditions. In many cases, if subsidies are not completely utilized, the money has to be returned. Another pair is **Current**: They are used to finance current and recurring expenditure versus **Capital** that are non-recurring or one-off income. They are sales revenues, received subsidies from extra-budgetary funds and other budgets or abroad (EU). Then **Planned**: a supportive stable source of finances. They are based on increase of quality and quantity of public goods. Reserves can be

identified in advance and easier to plan. And **Unplanned**: Random. They often increase financial reserves. Another division is **Obligatory**: for example, taxes imposed by law versus **Optional**: the power of the public administration to impose such revenue only on a particular territory, such as fees (maintenance, cemetery, dog, cleaning, recreation, parking and penalties for non-compliance). Last division of revenue is **Non-tax**: are all other revenues, fees, penalties, fines, donations, proceeds from collections. Each municipality is able to influence them more than tax ones. Versus **Tax**: municipalities are able to influence power of taxation only by limited fees, property tax and amount of legal entities or natural persons working at their territory. Payments are set by law, this is the largest profit of current revenues in public budgets. They are mandatory, non-repayable and recurring. Proposals of tax laws are submitted by the Ministry of Finance, municipalities and regions are entitled to propose amendments. Taxes affect fundamentally the disposable profits of all taxpayers, every tax relates to every individual in the form of prices of products, services, life insurance, rent and so on. Tax authorities are tax offices, customs offices, and subdepartments of Ministry of Labour and Social Affairs which collect taxes and transfer to public budgets. The Financial Directorate resolves complaints and controls. Tax payments depend on non-taxable minimums, tax credits and tax of free, and non-taxable items.

VAT revenues, legal and natural persons' income tax revenues (= national gross tax revenue) are redistributed from the state budget to municipalities in an amount corresponding to budget determination of taxes according to a counted percentage based on size of cadastral territory, inhabitants, number of children in kindergartens / pupils in primary schools and the so called coefficients of the size category of municipalities. This calculation applies to all municipalities with exception of the largest cities: Prague, Brno, Ostrava, Pilsen. Each municipality has its counted percentage written in the Decree of the Ministry of Finance.

Only 100% property flows directly into the budget of municipalities where the property is located and 100% legal person income tax, if the municipality is the taxpayer of this tax.

The most stable taxes are traditionally property taxes, which are not very profitable, as opposed to natural persons and legal entity income taxes. The income tax is paid by employer and flows into the state budget. It depends on the size of the tax base, tax rate,

tax of free, deductible items, taxable minimum. (*Eliáš, Deník veřejné správy, 2011; Rucká, Moderní obec, 2014; Radvan, 2010; Unhabitat, 2009; Pospíšil, Žufan, 2019*)

Tax division:

- **Direct:** paid by individual (pension, property = real estate, road, inheritance, gift, real estate transfer). **Indirect:** payments included in the price of purchased goods for example. VAT, import, turnover tax, sales, customs, environmental, consumer. These taxes are paid by taxpayer or final consumer.
- **Personal:** individual tax according to the amount of income and other factors. **In rem:** taxes given by law regardless of taxpayers (property, excise)
- **Paid by an individual,** personal income tax. **Paid by the company,** corporate income tax. **Splitting:** taxes paid by household, spouses
- **Income:** they tax kinds of income (profit, wage, interest rate) for example income tax. **Property:** tax on movable / immovable property (property tax, road, inheritance). **Consumption:** products and services tax for example VAT, selective excise taxes on a specific product or service (beer tax)
- **Fixed rate** is often used on units of measure and selective excise taxes. **Percentage rate** is for example VAT
- **Exclusive:** the whole amount flows to a specified budget and **Shared:** divided into different budgets for example VAT is divided into state, region, municipal budget (*Peková 1997*)

3.8 Public Budgets' Expenditure

It is financial resources that reduce the treasury of state or municipality or bank account. It is one of the tools that influences public-private sector relations, aggregate supply and public sector extent. They influence revenue in terms of budget restriction as well, it should not be much bigger to keep budget balance. Expenditure of municipalities are intended for local needs. Their division and characteristics are more or less the same as revenue from an opposite point of view. They are **Planned** and **Unplanned**, which are for example random fines, tax increases, natural disasters, often financed from reserves. As well as **Current** with **Capital** expenditures which are used for investment or for repaying investment credits and loans from initial public offers. Next division is **Repayable** and **Non-repayable**. Non-repayable expenditures should be covered by revenue. **Expenditure coming from public budgets** and **Extra-budgetary funds** are the last division with

opposite side issue. Transfers are an item mainly given for state budget also little amount is founded in municipal budgets. There is a tendency to grow therefore is necessary to keep controlling. This money should ensure public good with as low expenditure as possible and focused on given goals to achieve the right effect. They include subsidies, social benefits, fines and penalties, donations and municipal taxes which are usually very low. Other three divisions are:

- **Allocation expenditures** include expenditures of budgetary organizations and public-benefit corporations belonging to a given territory, expenditures to cover financial problems of own enterprises, expenditures for purchase of services and goods from public or private sector for own territory. They are important particularly in municipal budgets in terms of independence.
- **Redistribution expenditures** are linked to cash transfers in the form of social benefits, loans, subsidies that compensate inequalities in revenues and property. This kind of expenditures are for the state budget and only supplementary for the municipal budget.
- **Stabilization expenditures** mainly relate the state budget through which the country affects its economy. For example, providing financial resources to employers to reduce unemployment.

(Peková, 1997; Ulbrich, 2011; Unhabitat, 2009, Pospíšil, Žufan, 2019).

4 Practical part

4.1 Introduction of the chosen city

Statutory City of Ústí and Labem is located in northwest the Czech Republic between the České středohoří – Central Bohemian Highlands and the Ore Mountain Range approximately ninety kilometres from the capital city Prague and thirty kilometres from the German border. Ústí nad Labem is situated at the confluence of the Bílina and Elbe rivers. The number of inhabitants is ninety thousand, the seventh-most populous city of the Czech Republic and the capital of the Ústí nad Labem region. The city is divided into four self-government districts and twenty-two city parts. The first written mention of the city is from the eleventh century.

The city is an important national and international transport hub. Several railways, including the first transit railway corridor, run through it. Regarding road transport, the city is connected to the international highway E 442, the express highway D8 and the first-class highways (I/8, I/30, I/13). Water transport has been important for centuries. *“The Elbe waterway is a link to the network of West European waterways providing access to Germany, the Benelux states, northern France and is a part of the IV. Pan-European transport corridor”* as well as the 1st transit railway corridor. *(Wikipedia, 2001-)*. Public transport is provided by bus and trolleybus transport. The Statutory city of Ústí has a rich history full of essential events such as wars, diseases, complete rebuilding, economic rise and fall.

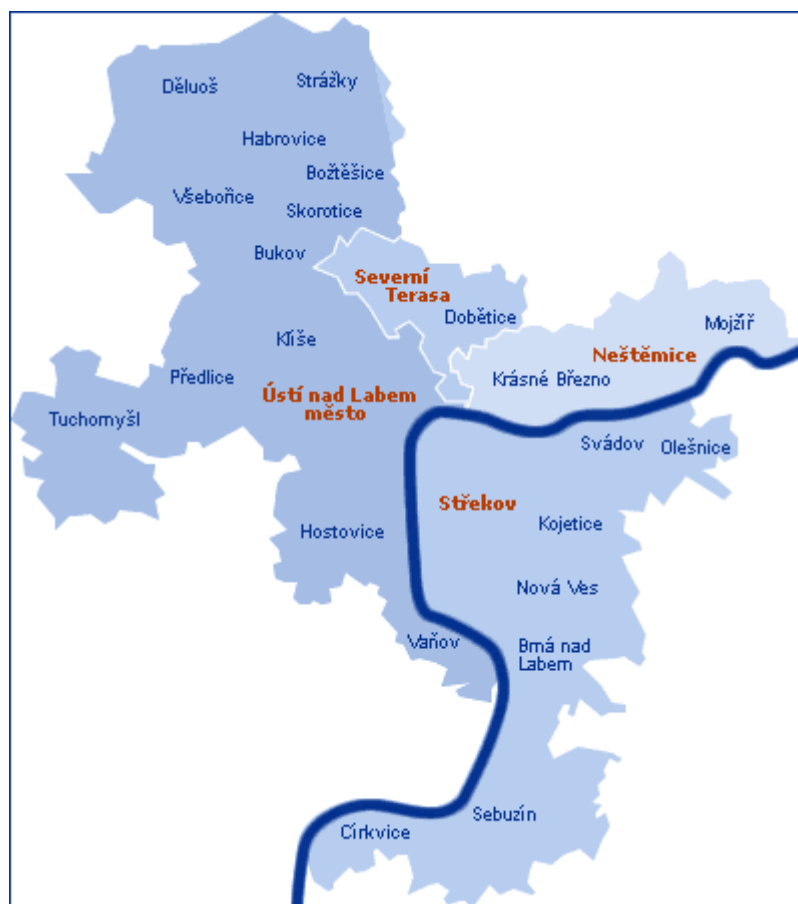
The city was mainly famous for its industry. The development of industry began in the early nineteenth century, the greatest boom was in the ninety fifties, where brown coal mining helped a lot. There was mainly chemical, textile, food, engineering and later electrotechnical industry. Industry has had a very bad impact on the environment. In the ninety nineties, the city fell existentially, many socially excluded localities came into existence.

Since the beginning of the new millennium, Ústí and Labem has been getting back its standard of living, and the reconstruction has lasted until nowadays. This also applies to the so-called brownfields, that I am going to mention at the end of this Bachelor work.

Important scientific institutions are the Jan Evangelista Purkyně University and the Masaryk Hospital. Ústí nad Labem is culturally and sports focused. There is ballet, opera within the North Bohemian Theatre and Drama Studio. International Dance Festival is held

every year. Among successful sports it is put hockey, football, basketball, volleyball, floorball, kickboxing. A unique attraction is the Labská cycleway going through the city from the spring of the Elbe river in the Krkonoše Mountains and ending in Cuxhaven near the shores of the North Sea. The zoo, Velké Březno Brewery, the ruins of the Střekov Castle, the outlook tower Větruše, Mariánský bridge are other places of interest (*Ústí nad Labem, 2020*). There is the picture no. 1, a map of the City of Ústí nad Labem which shows its territory with marked city districts.

Picture 1 Map of the city including city districts



Source: Ústí nad Labem, 2020

4.2 Budget of the Statutory City of Ústí nad Labem

The total budget of the city of Ústí nad Labem is divided into several chapters namely: Town Development, Social Assistance, Culture and Sport, Education, Environment, Transport and Services, Local Administration.

The budget consists of the budget of the city council and the budgets of the city districts. The Statutory City of Ústí nad Labem has created four city districts with its own self-government, namely Město, Severní Terasa, Neštěmice, Střekov. Their inhabitants ranges are from 14 to 35 thousand. The city's council budget is the main and the largest budget which provides investment and non-investment subsidies to the city districts every year.

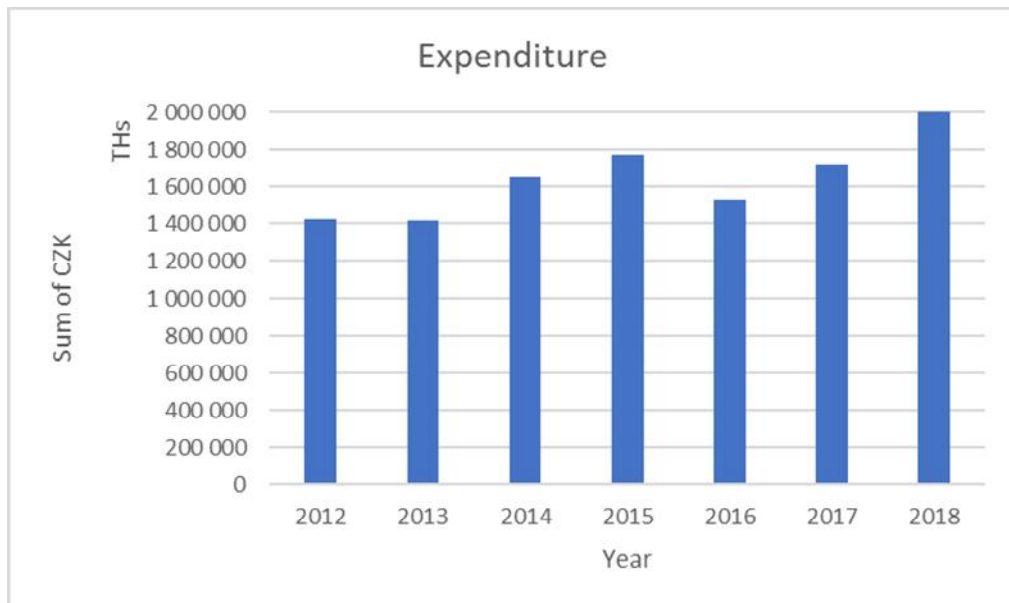
4.3 Expenditure structure and development in 2012–2018

Current expenditures of the Statutory City of Ústí nad Labem had an upward trend since 2012, except 2015, where a decline was recorded due to a significant increase of capital expenditures (Appendix 1 and 2). The year 2015 is the only year when the final result of expenditure exceeded revenue in the total city economy during the monitored period, this year financial reserves had to be run out as well as the largest year-on-year decrease is recorded by the amount of 131 073 260 CZK (9%) due to the city council's current expenditures. In 2016, current expenditures were still lower by 8 750 220 CZK (0,6%) compared to 2014, although they were higher by 122 332 040 CZK (9%) compared to 2015. The amount started at the lowest value of 1 327 789 980 CZK in 2012. The highest current expenditures values were reached in the amount of 1 893 835 630 CZK in 2018. The biggest year-on-year increase was also in 2018 by 261 003 100 CZK (16%) due to current expenditure increase in the city council's budget.

Regarding capital expenditures, a fluctuating trend is seen over the entire monitored period. The highest expenditures were reached in the amount of 439 691 300 CZK in 2015. On the other hand, the lowest expenditures occurred only in the amount of 31 045 490 CZK in 2013. The largest year-on-year increase occurred by 257 469 230 CZK (141%) in 2015 while the largest year-on-year decrease occurred by 365 480 100 CZK (83%) in 2016. Both ups and downs were mainly caused by the budget of the city council, more information is in the following chapters.

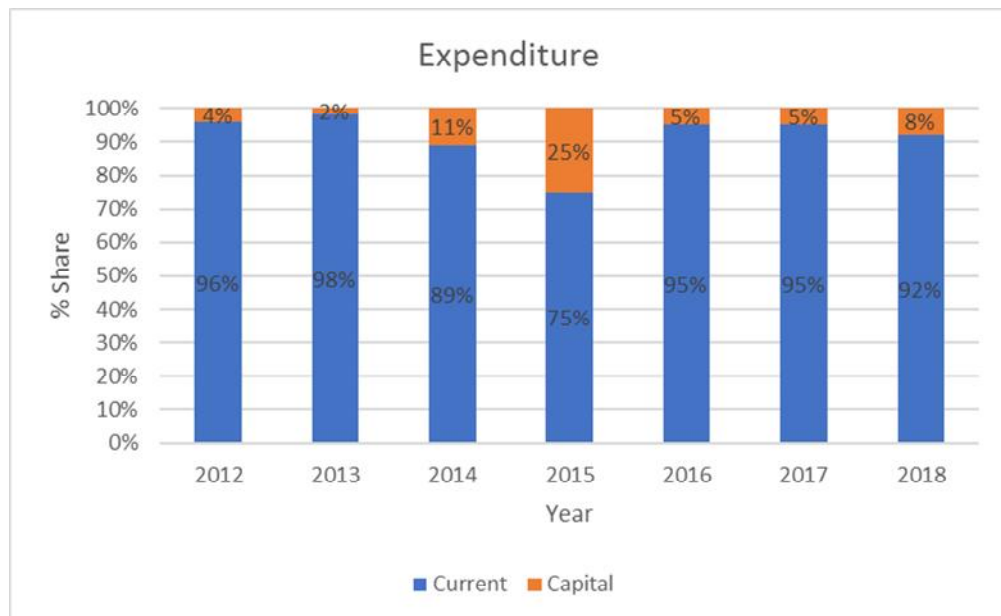
Current expenditures always exceeded capital expenditures over the years. On average, current expenditures accounts for 91,11% of the city's total expenditure each year. Percentage share of current and capital expenditures is seen in chart no. 2. Chart no. 1 shows trend of total expenditure of the city.

Figure 1 Trend of total expenditure



Source: own work according to the final accounts of the city

Figure 2 Expenditure of the city Ústí nad Labem in 2012–2018



Source: own work according to the final accounts of the city

4.4 Expenditure of the city in 2012–2018 – chapter breakdown

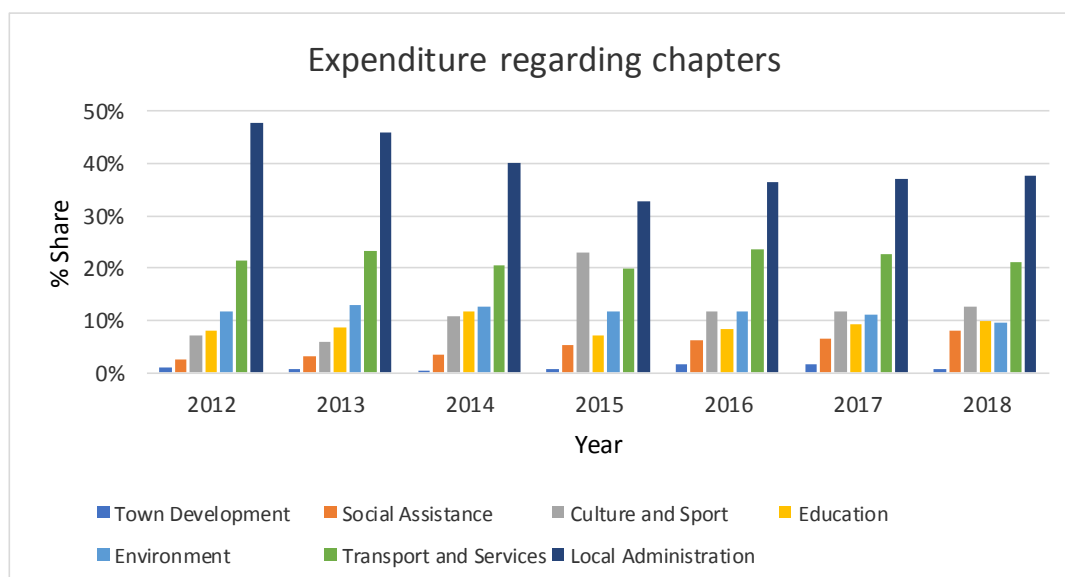
It is clear that the largest amount of expenditure in the monitored period flowed into the area of Local Administration which includes salaries, advisory and legal services,

archival activities, security and order, operating expenses and city districts subsidies from the city council (Appendix 3 and 4). The expenditure reached the highest amount in the year 2018 it was 774 095 770 CZK, the year 2018 is also the year with the largest year-on-year increase by the amount of 137 054 500 CZK (22%). In 2016, the total amount of expenditure of Local Administration reached the lowest value of 561 325 070 CZK. The largest year-on-year decrease was by the amount of 84 273 900 CZK (13%) in 2015.

The Town Development is the chapter where the least expenditure flowed all over the monitored period. It includes an active policy – city promotion, spatial planning, social system development and membership in unions. Its expenditure reached the highest amount in 2017, it was 29 684 590 CZK. 2016 is the year with the largest year-on-year increase by of 13 050 800 CZK (114%). The total amount of expenditure of Town Development reached the lowest value of 8 068 610 CZK in 2013. The largest year-on-year decrease occurred by 13 554 620 CZK (46%) in 2018.

Other chapters are Transport and Services, Social Assistance, Education, Environment, Culture and Sport, Town Development as it is seen from the chart no. 3 showing percentage share.

Figure 3 Expenditure of the city in 2012–2018 – chapter breakdown



Source: own work according to the final accounts of the city

4.5 Total expenditure divided to the city council and city districts in 2012–2018

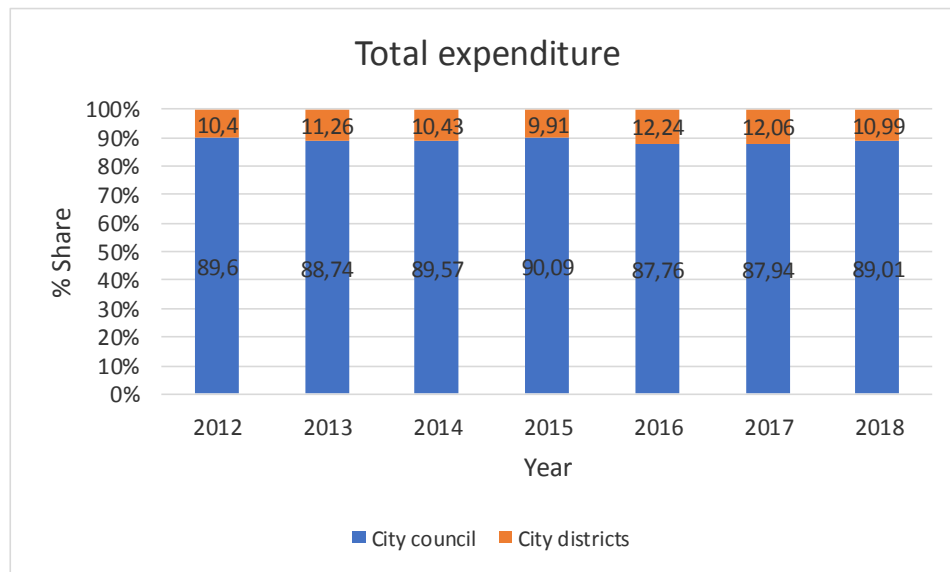
The total budget's expenditure of the Ústí nad Labem city council had upward trend in the monitored period mostly. It started on 1 275 808 080 CZK in 2012 and finished on 1 825 078 250 CZK (by 43%) in 2018. The largest year-on-year increase was by the amount of 313 547 410 CZK (21%) of total expenditure of the Ústí nad Labem city council in 2018, more information is in the following sub-chapters. During the monitored period, total expenditure decreased twice in total. The largest year-on-year decrease was recorded by 254 871 380 CZK (16%) in 2016 due to financial constraints from the previous year, more information is in the following sub-chapters. There was also a small decrease by 16 220 590 CZK (1,3%) between the years 2012 and 2013.

Total expenditure of the city districts increased by 52% throughout the whole monitored period. The amount was 148 105 960 CZK in 2012, it reached 225 422 160 CZK in 2018. The largest year-on-year increase was recorded by 19 493 520 CZK (10%) in 2017.

Differences in total expenditure between individual city districts are given by different activities, size and number of inhabitants as it was mentioned in the chapter no. 4.2. Neither city district participated in the Town Development and Education chapter (the exception was in 2014, while city district Střekov provided one investment of 100 000 CZK for kindergarten equipment). The Social Assistance chapter did not include the city districts Severní Terasa and Střekov at all (except for 2017, while the city district Severní Terasa provided 166 000 CZK for social guardian).

As mentioned, the majority budget function of the Statutory City of Ústí nad Labem holds the budget of the city council which accounted for 88,96 % per year on average of the total expenditure of the city during the whole monitored period. The chart no. 4 shows percentage share, the numbers are attached in the appendixes no. 5 and 6.

Figure 4 Total expenditure divided to the city council and city districts



Source: own work according to the final accounts of the city

4.5.1 Current expenditures divided to the city council and city districts

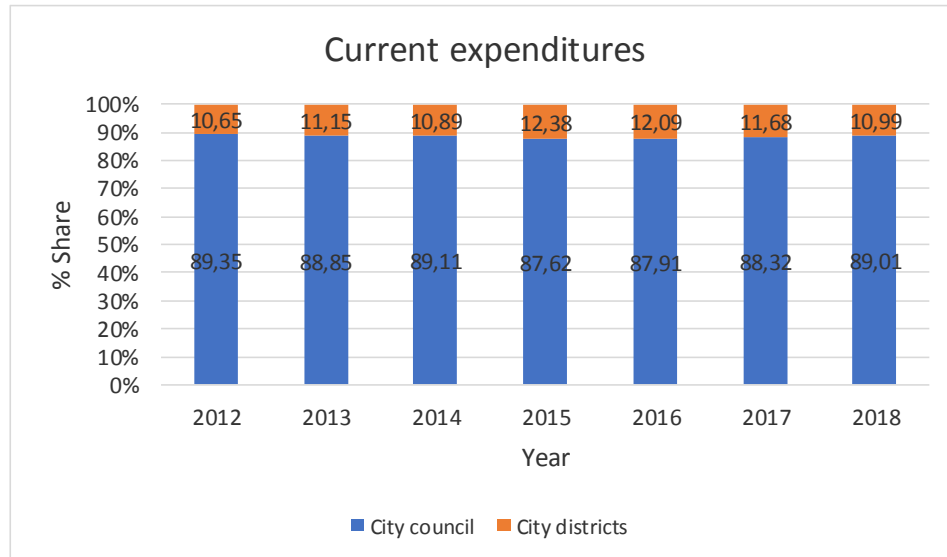
Current expenditures of the Ústí nad Labem city council's budget showed a rising trend in the monitored period. They increased from 1 186 317 630 CZK in 2012 to 1 685 615 540 CZK (by 42%) in 2018. The largest year-on-year increase of the city council's current expenditures occurred by the amount of 243 460 560 CZK (17%) in 2018 due to overall increase of financial resources flowing to education, culture and sport, social assistance. In 2015, there was only one decrease of current expenditures by 136 789 840 CZK (10,5%) which was recorded at the same time as the largest year-on-year decrease in the whole period due to increasing capital expenditures to pay unfinished development project shared by EU's subsidies in year 2015.

Current expenditures of the city districts increased steadily in the whole monitored period between 2012 and 2018. In 2012 their amount was 141 472 350 CZK, they reached 208 220 090 CZK (by 47 %) in 2018. The largest year-on-year increase was by 17 542 540 CZK (9%) in 2018.

Current expenditures of the Ústí nad Labem city council were several times higher than in the case of the city districts. The city council accounted for 88,59 % per year on average by its current expenditures in total current expenditures of the city throughout the monitored period. The city council was linked to all chapters mentioned above where current expenditures made up the majority compared to the city districts as

the chart no. 5 shows including percentage share. The numbers are attached in the appendixes no. 7 and 8.

Figure 5 Current expenditures divided to the city council and city district



Source: own work according to the final accounts of the city

4.5.2 Capital expenditures divided to the city council and city districts

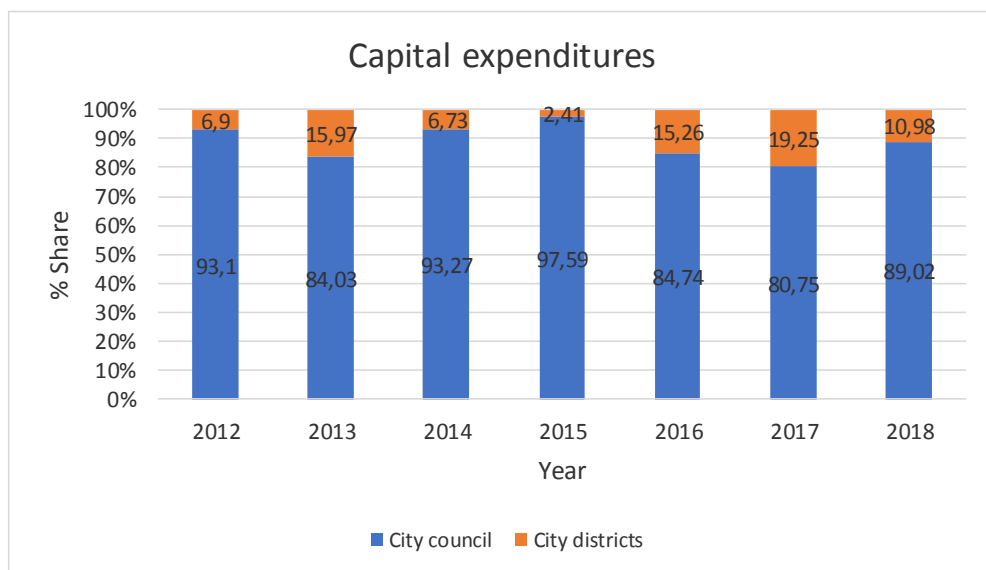
Capital expenditures of the Ústí nad Labem city council's budget fluctuated with big differences in the monitored period. They increased from 89 490 450 CZK in 2012 to 139 462 710 CZK (by 56%) in 2018. The highest amount was reached in 2015, it was 429 108 360 CZK, the lowest one was in the amount of 26 087 160 CZK in 2013. The largest year-on-year increase occurred by 259 141 520 CZK (153%) in 2015 which was caused by investment to Integrated Town Development Plan (IPMR projects). Under the conditions of the subsidy IPMR projects program which lasted between 2007–2013, all projects had to be realized by 2015 at the latest. Subsidies did not cover 100 % of the expenditures, part of the financial resources had to flow from the city council's capital budget. As a result, this situation meant increasing the city council's capital expenditures at the expense of the city council's current expenditures and used the financial reserves. The largest year-on-year decline followed the next year in 2016, when capital expenditures decreased by 366 225 450 (85,3%) CZK.

Capital expenditures of city districts also fluctuated but less differences between the years. They increased from 6 633 340 CZK in 2012 to 17 202 070 CZK (by 159%) in 2018. The largest amount was recorded also in 2018, the lowest one was in the amount of 4 958 330 CZK in 2013. The largest year-on-year increase occurred by 7 296 900 CZK

(147%) in 2014. The largest year-on-year decline occurred in 2013, while expenditures decreased by 1 675 010 CZK (25%).

Capital expenditures of the Ústí nad Labem city council had a larger share than in the case of the city districts as the chart no. 6 shows including percentage share. The city council accounted for 88,93 % per year on average by its capital expenditures in total capital expenditures of the Ústí nad Labem budget. the numbers are attached in the appendixes no. 9 and 10.

Figure 6 Capital expenditures divided to the city council and city districts



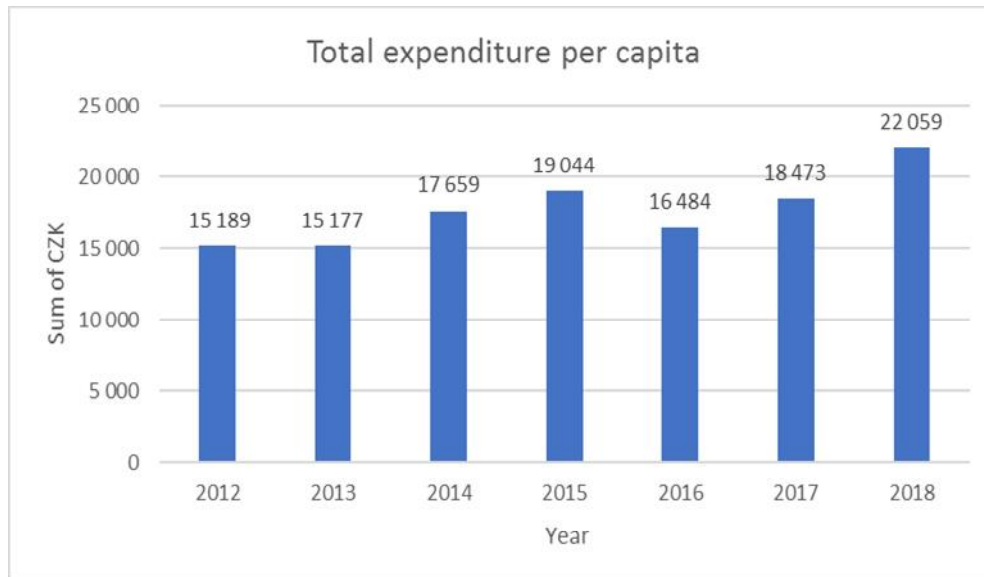
Source: own work according to the final accounts of the city

5 Results and Discussion

5.1 Conversion of the city total expenditure per capita

The development of total expenditures of the Statutory City of Ústí nad Labem was fluctuating. The amount ranged between 15 176 CZK and 22 060 CZK per capita. The lowest amount was in 2013, the highest one in the last year 2018. The largest year-on-year decrease occurred by 2 561 CZK (13%) per capita in 2016. The largest year-on-year increase occurred by 3 587 CZK (19%) per capita in 2018 as it is seen in the chart no. 7.

Figure 7 Conversion of the city total expenditure per capita



Source: own work according to the final accounts of the city and data from ČSÚ

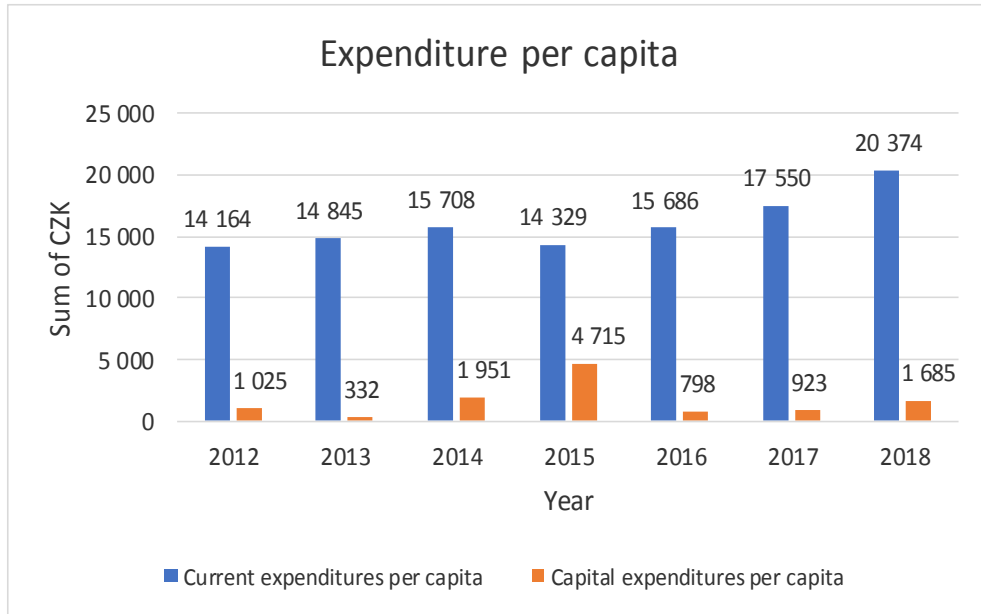
5.1.1 Conversion of the city current and capital expenditures per capita

The trend of current and capital expenditures per capita is the same as the trend of expenditures without conversion.

The highest current expenditures per capita were recorded in the amount of 20 374 CZK in 2018, in the same year the largest year-on-year increase occurred by 2 824 CZK per capita. On the contrary, the lowest current expenditures per capita were seen in the value of 14 164 CZK in 2012. The largest and only year-on-year decrease occurred by 1 379 CZK per capita in 2015 due to the same reason as it was in the current expenditure of the city council.

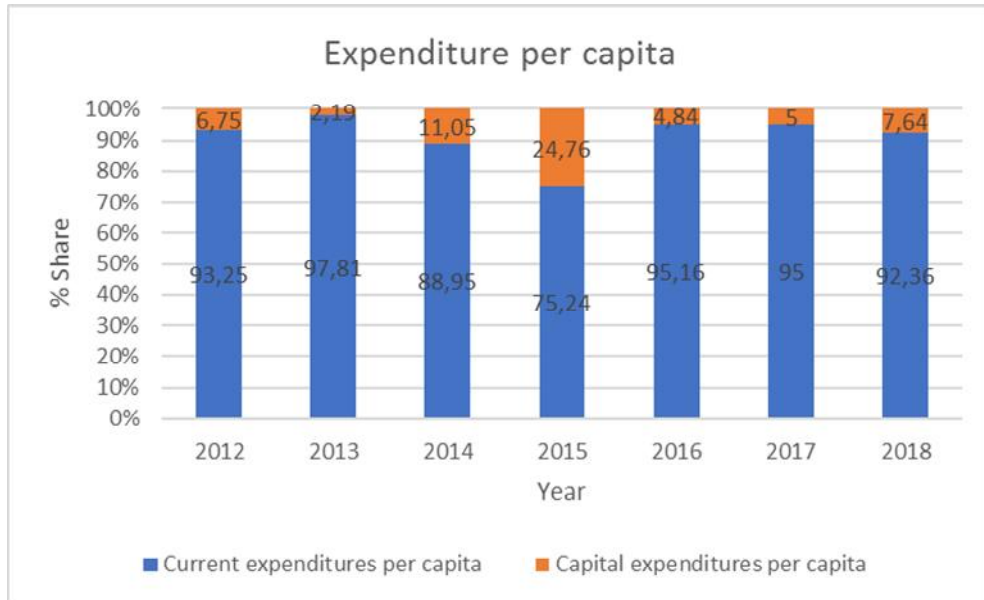
The highest capital expenditures per capita were recorded in the amount of 4 715 CZK in 2015. The largest year-on-year increase occurred by 2 764 CZK (142%) in the same year 2015. The lowest capital expenditures per capita were recorded in the amount of only 332 CZK in 2013. The largest year-on-year decrease was seen by 3 917 CZK (83%) in 2016. The chart no. 8 shows, percentage share is included in the chart no. 9.

Figure 8 Conversion of the city current and capital expenditures per capita



Source: own work according to the final accounts of the city and data from ČSÚ

Figure 9 Conversion of the city current and capital expenditures per capita by %



Source: own work according to the final accounts of the city and data from ČSÚ

5.2 Analysis of total expenditure by index

There is an analysis of total expenditure of the Statutory City of Ústí nad Labem in the monitored period using two indexes, chain and base.

In table no. 2 there is the chain index of total expenditure in the monitored period. As it is shown, the differences between individual years are not more than 20 % bigger or smaller compared to two consecutive years.

Table 2 Chain index

Compared period	2013/2012	2014/2013	2015/2014	2016/2015	2017/2016	2018/2017
Chain index of total expenditure	0,997	1,162	1,077	0,863	1,121	1,193

Source: own work according to the final accounts of the city

In the table no. 3, there is shown the base expenditure index of the city in the monitored period. The year 2012 was chosen as the base period.

It is clear from the table that expenditure was only lower once by 0,3 % in 2013 compared to the base period, it means to the year 2012. In 2018 expenditure reached the highest value, it was 44 % higher than in 2012.

Table 3 Base index

Compared period	2013/2012	2014/2012	2015/2012	2016/2012	2017/2012	2018/2012
Base index of total expenditure	0,997	1,158	1,247	1,076	1,207	1,44

Source: own work according to the final accounts of the city

5.3 Expenditure in individual years

5.3.1 Expenditure in the year 2012

According to the approved budget for 2012, the total expenditure of the city Ústí nad Labem should have reached 1 541 431 090 CZK. In fact, expenditure reached 1 423 913 770 CZK with the savings of 117 517 320 CZK. The approved expenditure part of the budget was met from 92,38 %. The city districts had a share 10,40 % of total expenditure in 2012. The largest expenditure belonged to the city council with the amount of 1 275 808 080 CZK which made 89,60 % of total expenditure of the Statutory City in the year 2012 as the table no. 4 shows.

Table 4 Breakdown of expenditure in 2012 including the percentage share

Name	Expenditure	% Share
City council	1 275 808 080	89,60
CD Město	52 631 080	3,70
CD Severní Terasa	31 141 170	2,19
CD Neštěmice	34 290 560	2,41
CD Sřekov	30 042 880	2,11
Total	1 423 913 770	100

Source: own work according to the final accounts of the city

Current expenditures had a share 93,25 % of total expenditure. They reached the amount of 1 327 789 980 CZK in the year 2012. Current expenditures of the city council were calculated on the amount of 1 186 317 630 CZK and its share was 89,35 % of total current expenditures of the city Ústí nad Labem. More information is shown in the table no. 5.

Table 5 Breakdown of current expenditures in 2012 including the percentage share

Name	Current expenditures	% Share
City council	1 186 317 630	89,35
CD Město	49 056 150	3,69
CD Severní Terasa	30 961 280	2,33
CD Neštěmice	32 703 430	2,46
CD Sřekov	28 751 490	2,17
Total	1 327 789 980	100

Source: own work according to the final accounts of the city

Capital expenditures supplemented the rest of expenditure in the amount of 96 123 790 CZK which was 6,75 % of the total expenditure of the city. The city council reached capital expenditures in the amount of 89 490 450 CZK and accounted for 93,10 % of total capital expenditures. It is linked to the table no. 6.

Table 6 Breakdown of capital expenditures in 2012 including the percentage share

Name	Capital expenditures	% Share
City council	1 186 317 630	89,35
CD Město	49 056 150	3,69
CD Severní Terasa	30 961 280	2,33
CD Neštěmice	32 703 430	2,46
CD Střekov	28 751 490	2,17
Total	1 327 789 980	100

Source: own work according to the final accounts of the city

5.3.2 Expenditure in the year 2013

According to the approved budget for the year 2013, estimated expenditure of the city Ústí nad Labem should have reached 1 529 102 930 CZK. In fact, the expenditure reached 1 419 348 400 CZK with savings of 109 754 530 CZK that meant approved budget proposal was met from 92,82 %. The city districts had a share 11,26 % of total expenditure for 2013. The Ústí nad Labem city council completed the rest of 88,74 % of total expenditure with the amount of 1 259 587 490 CZK. It is linked to the table no. 7.

Table 7 Breakdown of expenditure in 2013 including the percentage share

Name	Expenditure	% Share
City council	1 259 587 490	88,74
CD Město	55 819 150	3,93
CD Severní Terasa	36 087 040	2,54
CD Neštěmice	36 411 930	2,57
CD Střekov	31 442 790	2,22
Total	1 419 348 400	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 388 302 910 CZK which resulted in 97,81 % of total expenditure of the Statutory City of Ústí nad Labem in the year 2014. The city council's budget with its majority current expenditure part reached the amount of 1 233 500 330 CZK which was 88,85 % of total current expenditures. More information is shown in the table no. 8.

Table 8 Breakdown of current expenditures in 2013 including the percentage share

Name	Current expenditures	% Share
City council	1 233 500 330	88,85
CD Město	53 724 280	3,87
CD Severní Terasa	35 129 210	2,53
CD Neštěmice	35 881 950	2,58
CD Střekov	30 067 140	2,17
Total	1 388 302 910	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of 96 123 790 CZK which was 6,75 % of total expenditure of the city. The city council reached capital expenditures in the amount of 89 490 450 CZK and accounted for 93,10 % of total capital expenditures. It is linked to the table no. 9.

Table 9 Breakdown of capital expenditures in 2013 including the percentage share

Name	Capital expenditures	% Share
City council	26 087 160	84,03
CD Město	2 094 870	6,75
CD Severní Terasa	957 830	3,09
CD Neštěmice	529 980	1,71
CD Střekov	1 375 650	4,43
Total	31 045 490	100

Source: own work according to the final accounts of the city

5.3.3 Expenditure in the year 2014

According to the approved budget for the year 2014, estimated expenditure of the Statutory City of Ústí nad Labem should have reached 1 755 083 530 CZK. The actual expenditure was not so high which meant that the approved budget proposal was met from 93,98 %. In fact, total expenditure was reduced and reached in the amount of 1 649 480 430 CZK with savings 105 603 100 CZK. The city districts had a share 10,43 % of total expenditure for 2014. The Ústí nad Labem city council completed the rest of 89,57 % of total expenditure with the amount of 1 477 512 190 CZK. More information is shown in the table no. 10.

Table 10 Breakdown of expenditure in 2014 including the percentage share

Name	Expenditure	% Share
City council	1 477 512 190	89,57
CD Město	64 068 500	3,88
CD Severní Terasa	37 219 740	2,26
CD Neštěmice	38 862 860	2,36
CD Střekov	31 817 140	1,93
Total	1 649 480 430	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 467 258 360 CZK which resulted in 88,95 % of total expenditure of the Statutory City of Ústí nad Labem in the year 2014. The city council's budget with its majority current expenditure part reached the amount of 1 307 545 350 CZK which was 89,11 % of total current expenditures as it is shown in the table no. 11.

Table 11 Breakdown of current expenditures in 2014 including the percentage share

Name	Current expenditure	% Share
City council	1 307 545 350	89,11
CD Město	57 609 990	3,93
CD Severní Terasa	36 542 660	2,49
CD Neštěmice	37 110 440	2,53
CD Střekov	28 449 920	1,94
Total	1 467 258 360	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of CZK 182 222 070 which was 11,05 % of the total expenditure of the city. The city council reached capital expenditures in the amount of 169 966 840 CZK and accounted for 93,27 % of total capital expenditures. It is seen in the table no. 12.

Table 12 Breakdown of capital expenditures in 2014 including the percentage share

Name	Capital expenditures	% Share
City council	169 966 840	93,27
CD Město	6 458 510	3,54
CD Severní Terasa	677 080	0,37
CD Neštěmice	1 752 420	0,96
CD Sřekov	3 367 220	1,85
Total	182 222 070	100

Source: own work according to the final accounts of the city

5.3.4 Expenditure in the year 2015

According to the approved budget for the year 2015, estimated expenditure of the city Ústí nad Labem should have reached 2 060 568 770 CZK. In fact, the expenditure reached 1 775 876 400 CZK with savings of 284 692 370 CZK that meant approved budget proposal was met from 86,18 %. The city districts had a share 9,91 % of total expenditure for 2015. The Ústí nad Labem city council completed the rest of 90,09 % of total expenditure with the amount of 1 599 863 870 CZK. More information is shown in the table no. 13.

Table 13 Breakdown of expenditure in 2015 including the percentage share

Name	Expenditure	% Share
City council	1 599 863 870	90,09
CD Město	55 668 930	3,13
CD Severní Terasa	40 912 510	2,30
CD Neštěmice	51 324 240	2,89
CD Sřekov	28 106 850	1,58
Total	1 775 876 400	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 336 185 100 CZK which resulted in 75,24 % of the total expenditure of the Statutory City of Ústí nad Labem in the year 2015. The city council's budget with its majority current expenditure part reached the amount of 1 170 755 510 CZK which was 87,62 % of the total current expenditures as it is seen in the table no. 14.

Table 14 Breakdown of current expenditures in 2015 including the percentage share

Name	Current expenditures	% Share
City council	1 170 755 510	87,62
CD Město	54 074 640	4,05
CD Severní Terasa	38 094 200	2,85
CD Neštětice	46 390 260	3,47
CD Střekov	26 870 490	2,01
Total	1 336 185 100	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of 439 691 300 CZK which was 24,76 % of total expenditure of the city. The city council reached capital expenditures in the amount of 429 108 360 CZK and accounted for 97,59 % of total capital expenditures. More information is shown in the table no. 15.

Table 15 Breakdown of capital expenditures in 2015 including the percentage share

Name	Capital expenditures	% Share
City council	429 108 360	97,59
CD Město	1 594 290	0,36
CD Severní Terasa	2 818 310	0,64
CD Neštětice	4 933 980	1,12
CD Střekov	1 236 360	0,28
Total	439 691 300	100

Source: own work according to the final accounts of the city

5.3.5 Expenditure in the year 2016

According to the approved budget for the year 2016, the expenditure of the Statutory City of Ústí nad Labem should have reached 1 840 991 820 CZK. The actual expenditure was not so high which meant that the approved budget proposal was met from 83,26 %. In fact, total expenditure was reduced and reached in the amount of CZK 1 532 719 340 with savings 308 272 480 CZK. The city districts had a share 12,25 % of the total expenditure for 2016. The Ústí nad Labem city council completed the rest of 87,75 % of total expenditure with the amount of 1 344 992 490 CZK. It is shown in the table no. 16.

Table 16 Breakdown of expenditure in 2016 including the percentage share

Name	Expenditure	% Share
City council	1 344 992 490	87,75
CD Město	62 672 150	4,09
CD Severní Terasa	45 642 530	2,98
CD Neštěmice	51 350 820	3,35
CD Střekov	28 061 350	1,83
Total	1 532 719 340	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 458 508 140 CZK which resulted in 95,16 % of total expenditure of the Statutory City of Ústí nad Labem in the year 2016. The city council's budget with its majority current expenditure part reached the amount of 1 282 109 580 CZK which was 87,91 % of total current expenditures. More information is shown in the table no. 17.

Table 17 Breakdown of current expenditures in 2016 including the percentage share

Name	Current expenditures	% Share
City council	1 282 109 580	87,91
CD Město	57 342 730	3,93
CD Severní Terasa	41 663 010	2,86
CD Neštěmice	49 831 820	3,42
CD Střekov	27 561 000	1,89
Total	1 458 508 140	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of 74 211 200 CZK which was 4,84 % of total expenditure of the city. The city council reached capital expenditures in the amount of 62 882 910 CZK and accounted for 84,74 % of total capital expenditures as it is seen in the table no. 18.

Table 18 Breakdown of capital expenditures in 2016 including the percentage share

Name	Capital expenditures	% Share
City council	62 882 910	84,74
CD Město	5 329 420	7,18
CD Severní Terasa	3 979 520	5,36
CD Neštěmice	1 519 000	2,05
CD Střekov	500 350	0,67
Total	74 211 200	100

Source: own work according to the final accounts of the city

5.3.6 Expenditure in the year 2017

According to the approved budget for the year 2017, estimated expenditure of the Statutory City of Ústí nad Labem should have reached 2 032 052 740 CZK. The actual expenditure was not so high which meant that the approved budget proposal was met from 84,58 %. In fact, total expenditure was reduced and reached in the amount of 1 718 751 210 CZK with savings 313 301 530 CZK. The city districts had a share 12,06 % of total expenditure for 2017. The Ústí nad Labem city council completed the rest of 87,94 % of total expenditure with the amount of CZK 1 511 530 840. More information is shown in the table no. 19.

Table 19 Breakdown of expenditure in 2017 including the percentage share

Name	Expenditure	% Share
City council	1 511 530 840	87,94
CD Město	72 300 540	4,21
CD Severní Terasa	46 577 440	2,71
CD Neštěmice	52 788 760	3,07
CD Střekov	35 553 630	2,07
Total	1 718 751 210	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 632 832 530 CZK which resulted in 95 % of total expenditure of the Statutory City of Ústí nad Labem in the year 2017. The city council's budget with its majority current expenditure part reached the amount of 1 442 154 980 CZK which was 88,32 % of total current expenditures. More information is linked to the table no. 20.

Table 20 Breakdown of current expenditures in 2017 including the percentage share

Name	Current expenditures	% Share
City council	1 442 154 980	88,32
CD Město	61 811 000	3,79
CD Severní Terasa	45 149 110	2,77
CD Neštěmice	48 716 650	2,98
CD Střekov	35 000 790	2,14
Total	1 632 832 530	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of 85 918 680 CZK which was 5 % of the total expenditure of the city. The city council reached capital expenditures in the amount of 69 375 860 CZK and accounted for 80,75 % of total capital expenditures as it is shown in the table no. 21.

Table 21 Breakdown of capital expenditures in 2017 including the percentage share

Name	Capital expenditures	% Share
City council	69 375 860	80,75
CD Město	10 489 540	12,21
CD Severní Terasa	1 428 330	1,66
CD Neštěmice	4 072 110	4,74
CD Střekov	552 840	0,64
Total	85 918 680	100

Source: own work according to the final accounts of the city

5.3.7 Expenditure in the year 2018

According to the approved budget for the year 2018, estimated expenditure of the city Ústí nad Labem should have reached 2 266 687 130 CZK. In fact, the expenditure reached 2 050 500 410 CZK with savings of 216 186 720 CZK that meant approved budget proposal was met from 90,46 %. The city districts had a share 10,99 % of total expenditure for 2018. The Ústí nad Labem city council completed the rest of 89,01 % of total expenditure with the amount of 1 825 078 250 CZK as it is seen in the table no. 22.

Table 22 Breakdown of expenditure in 2018 including the percentage share

Name	Expenditure	% Share
City council	1 825 078 250	89,01
CD Město	67 731 220	3,30
CD Severní Terasa	57 096 910	2,78
CD Neštěmice	59 198 530	2,89
CD Střekov	41 395 500	2,02
Total	2 050 500 410	100

Source: own work according to the final accounts of the city

Current expenditures reached 1 893 835 630 CZK which resulted in 92,36 % of total expenditure of the Statutory City of Ústí nad Labem in the year 2018. The city council's budget with its majority current expenditure part reached the amount of 1 685 615 540 CZK which was 89,01 % of total current expenditures. More details are shown in the table no. 23.

Table 23 Breakdown of current expenditures in 2018 including the percentage share

Name	Current expenditures	% Share
City council	1 685 615 540	89,01
CD Město	65 705 950	3,47
CD Severní Terasa	51 364 740	2,71
CD Neštěmice	50 100 140	2,65
CD Střekov	41 049 260	2,17
Total	1 893 835 630	100

Source: own work according to the final accounts of the city

Capital expenditures completed the rest of expenditure in the amount of 156 664 780 CZK which was 7,64 % of total expenditure of the city. The city council reached capital expenditures in the amount of 139 462 710 CZK and accounted for 89,02 % of total capital expenditures. More information is shown in the table no. 24.

Table 24 Breakdown of capital expenditures in 2018 including the percentage share

Name	Capital expenditures	% Share
City council	139 462 710	89,02
CD Město	2 025 270	1,29
CD Severní Terasa	5 732 170	3,66
CD Neštěmice	9 098 390	5,81
CD Střekov	346 240	0,22
Total	156 664 780	100

Source: own work according to the final accounts of the city

5.4 The highest expenditure of the city council in the monitored period

5.4.1 Current expenditures

The largest financial items of current expenditures flowed to the city organizations including education, culture and social services all years during the monitored period. These items were very difficult to tot up because they split up, changed, moved and divided into other departments during the whole period as well as the departments changed and split up themselves which the items belonged. For example, during 2012, the operating allowance for the Zoo was put in the Mayor's Office department because the Department of Town Organizations, Services, Education and Culture was abolished where this allowance was put originally. In the course of 2014, the allowance for the zoo was driven into the Department of Education, Culture, Sport and Social Services which was already established during the year 2012. Another example, since 2013, finance for education was divided into two departments to Finance department and Education, Culture, Sport and Social Services department. Since 2016, all finance for education has been driven only to the Department of Town Organizations and Education which was changed from the Department of Education, Culture, Sport and Social Services in the same year.

Finances for the Transport Company, a joint stock company of the city council, was the second largest item that can be clearly identified. Other largest current expenditures were for the city council employees' salaries and the Transport department. Subsidies for the city districts were a large financial item as well that were subject to consolidation. It is seen in the table no. 25.

Last but not least, large items, that reached below 100 000 000 CZK, were, for example, the cost of municipal polices, property tax, income tax and waste management.

Table 25 The highest current expenditures of the city council

Year	Transport company	Salaries	Transport department	Subsidies
2012	195 000 000	105 856 360	85 509 920	103 160 000
2013	190 000 000	107 689 810	112 708 090	102 110 000
2014	193 200 000	109 634 090	109 471 960	108 590 000
2015	190 005 300	113 605 410	80 836 970	114 794 250
2016	211 270 770	122 627 940	143 730 850	121 964 560
2017	212 728 760	138 218 940	170 535 600	141 015 540
2018	226 423 160	156 279 100	186 977 800	137 772 160

Source: own work according to the final accounts of the city

Overview of the departments at the city council in 2018: Mayor's office, Secretary's office, Finance Department, Department of Social Affairs, Department of Municipal Organizations and Education, Administrative Department, Control Department, Department of the Environment, Building Department, Department of Economic Administration, Department of Transport and Property, Archive of the city of Ústí nad Labem, Department of Investment and Spatial Planning, Department of Strategic Development, The Municipal Police, Legal Department, Department of Culture, Sport and Social Services and Department of Offenses Administration.

5.4.2 Capital expenditures

Capital expenditures are highly variable. The Ústí nad Labem city council has its capital expenditures divided into five groups: projects investment, construction investment which also includes investment instalments, reconstruction investment, operational investment, development investment. The numbers are seen in the table no. 26.

In 2012, the city council invested the most in the construction of sports infrastructure at the Sector centre amounting to 35 595 610 CZK. The second large financial item was the reconstruction of the city district Mojžíř including extension of roads, sidewalks, car parks, street lighting and video surveillance system in the amount of 30 263 570 CZK. Another example was a new zone plan which cost 6 288 000 CZK.

In 2013, the city council invested 8 965 390 CZK in flood protection on the left bank of the Elbe River, and 4 000 000 CZK in the zoo (construction alteration in the Borneo Pavilion, Exotic Pavilion and construction of Cataria). Another major item was the reconstruction of the school aftercare for FZŠ in the amount of 1 244 880 CZK.

In 2014, the city invested a big amount to the city reconstruction in the total value of 103 132 630 CZK. The largest items were for a kindergarten–V Zeleni amounted to 20 317 220 CZK, construction work began on the city football stadium which cost 44 192 770 CZK. Furthermore, the reconstruction of the swimming pool Brná in the amount of 27 000 000 CZK.

244 067 580 CZK to continuation part of the revitalization of the swimming pool at Klíše was the largest investment of the year 2015. 50 000 000 CZK was provided into the stabilization fund of the Severočeské divadlo (North Bohemian Theatre). 32 690 500 CZK

was used to the sewer system and reconstruction of public transport stops cost 30 032 640 CZK in 2015.

The year 2016 in terms of investments was a very weak year. The largest investment was to Severočeské divadlo once again. It was a cash supplement to the stabilization fund in the amount of 20 000 000 CZK. Furthermore, the investment instalments of 12 657 800 CZK which began in 2014 and are going to last until 2024 due to construction alteration of the city football stadium. The third largest investment expenditure was 4 186 330 CZK to the atrium reconstruction of the multipurpose sport city stadium.

The instalments of 12 657 800 CZK for the city football stadium, its construction work was the largest investment in 2017. The second largest amount was 10 000 000 CZK for the reconstruction of the TJ Mojžíř football field. 5 683 880 CZK was used for the construction work at the Neštěmická Elementary School. An amount of 4 811 000 CZK was invested in a penguin exhibition in the zoo.

In the last year of the monitored period, in 2018, the largest capital expenditures were investment allowance to the E. Krásnohorská Elementary School for the modernization of the physics and chemistry classroom in the amount of 12 682 500 CZK. Furthermore, the instalment of the construction work for the city football stadium in the amount of 12 657 800 CZK. The construction work for the youth stadium cost 10 038 340 CZK. 6 366 850 CZK was another major investment to the reconstruction of the Velká Hradební road.

Table 26 Summarization of capital expenditures by investment groups

Year	2012	2013	2014	2015	2016	2017	2018
Project work	7 930 480	1 823 910	1 344 750	1 592 470	1 667	5 046 480	12 822 470
Construction investment	1 872 100	500 000	500 000	14 330 390	15 330	16 830 390	16 830 390
Reconstruction investment	6 786 940	2 836 320	103 132 630	28 583 440	16 799	35 521 270	64 917 530
Operational investment	3 343 100	10 463 600	33 082 540	54 568 450	28 061	11 951 100	32 209 820
Development investment	69 557 830	10 463 330	31 906 920	330 033 610	1 025	26 620	12 682 500
Total	89 490 450	26 087 160	169 966 840	429 108 360	62 882 910	69 375 860	139 462 710

Source: own work according to the final accounts of the city

5.5 Evaluation of the investment activity in the monitored period

Statutory City of Ústí nad Labem invested millions of capital expenditures in many areas during the given period. The city council had a majority share of capital expenditures as already mentioned, its expenditures covered the whole territory of the city and beyond. The city districts were primarily involved in expenditures related to their delimited area.

The city Ústí nad Labem bears debt from its past which is reflected in the daily economy and investments. Every year, except 2015, the city had a surplus budget, although it is heavily indebted. There is no money for bolder projects that could lift the city out of its twilight, make it more interesting and entice new investors and capital into the city. Ústí nad Labem repaid between 102 and 217 million Czech crowns per year during the monitored period. The largest credit of over 50 million will be repaid by 2030. Majority revenue comes from taxes. The number of inhabitants constantly decreases according to ČSÚ and it is supposed to continue in the same way according to the prognosis of AUGUR Consulting s.r.o. so tax revenues are also expected to decrease, and investment finance will be less available in the future.

The city had standard capital expenditures that related to repairs, reclamation, reconstruction, revitalization, new construction, investment purchase, equipment purchases and modernization of the city. It focused on culture and sport, improvement the environment and social assistance.

Every year, the Statutory City of Ústí nad Labem invested the largest part of capital expenditures in repairs and modernization of streets, roads and sidewalks, also education and leisure activities, namely sports and cultural activities. As far as culture is concerned, the city purchased and reconstructed a culture house, reconstructed an open-air cinema and the Theatre for Children and Youth, purchased equipment, provided financial contributions to the North Bohemian Theatre and so on in the monitored period. Money is regularly invested in the municipal zoo. Zoo is the most visited cultural place in the city and belonged to the European Association of Zoos and Aquariums for years. In recent years, it has been underfinanced and has serious existential problems. (*Angermannová, 2019*) Sport is a major investment item in Ústí, the constant reconstruction of sports pitches throughout the city, the reconstruction of the skate park, the reconstruction of sports stadiums and the construction of new sports facilities such as the sector centre at the Severní Terasa district. As well as swimming pools, places and sports on the river Elbe and so on.

A significant part of capital expenditures was comprised of the construction of a new sewerage system as well as to change over from of the current sewerage system network to the city sewerage network. The location of the city is situated in a hilly landscape, the city often dealt with landslides and rocky streams. During the given period, public transport underwent a big change. New modern stops were built, a new passenger check-in system, new bus and trolleybus were purchased. Furthermore, the city spent large financial resources on the safety by city police because of the social composition of the citizens. In 2015 Ústí nad Labem stopped a creating of a previous zone plan. Since 2016, the city has invested finances in a new zone plan with new requests and conditions which is also part of the city's budget perspective.

On the other hand, not too much money was flowing into socially excluded localities in the city such as Předlice, into more flood protection measures, cycling roads through the city.

5.6 Own proposal for capital expenditures

The territory of the Statutory City of Ústí nad Labem is covered from one quarter by brownfields (Picture 2), *“real estate (territory, land, object, premises) that is unused, neglected. It arises as remains of industrial, agricultural, residential, military or other activities. Brownfield cannot be used properly and effectively without regeneration process.”* (CzechInvest, 1995-), which are a burden and affect the city image. They mainly include residential brownfields, industrial premises and transport spaces. Almost all brownfields placed in the city territory are not owned by the city. Some of them are owned by the city together with private owners, some of them have no owners according to the analysis (Jackson, Bergatt, Votoček, 2010). Ownership is one of the main problems therefore the city did not invest its finance into in the monitored period. As the analysis of previous years shows, invested money can flow into purchasing brownfields, analyses, architectural projects, negotiating with investors and owners and etcetera.

Work with brownfields began in the city in 2004. Ústí nad Labem was involved in several projects which mainly mapped them, a detailed analysis and database were created. Cooperation with CzechInvest, the Agency for Business Support and Investment which brought the biggest asset to the city in the field of brownfields, began as well. However, in recent years, the initiation by the city has stagnated. The causes are frequent changes of

individual departments at the city council and their subsequent cooperation, changing of employees and lack of a person who would be in charge of the field. (*Marta Šašková – Revize Ústí 02: Brownfieldy*)

In my opinion, it is still needed to find solutions to revitalize brownfields that could enhance the living standard and appearance of the Statutory City. My proposal to get financial resources is to start collecting municipal waste fees which have not been collected since the beginning of the year 2018. The fee was 500 CZK per year per adult citizen with permanent residence under some exceptions. *"The problem was one third of citizens did not pay the fee". (Ekolist.cz, 2017)* These fees did not cover the entire expenditure on municipal waste, but about two thirds. Nevertheless, it is evident that the city lost on average 41 625 332 CZK revenue from municipal waste in 2018 as it is seen in the table no. 27. This amount of money could be used annually for capital expenditures for brownfield revitalization.

The budgetary perspective does not imply that the city is preparing financial steps in the field of brownfields in the coming years as well as it cannot be assumed that the city will have sufficient investment resources from its own budget unless it takes any steps for (Appendix 11 and 13).

Table 27 Municipal waste fees in 2012–2018

Year	Fees
2012	39 461 050
2013	39 754 080
2014	43 369 020
2015	43 278 530
2016	44 953 460
2017	38 935 850
2018	0

Source: own work according to the final accounts of the city

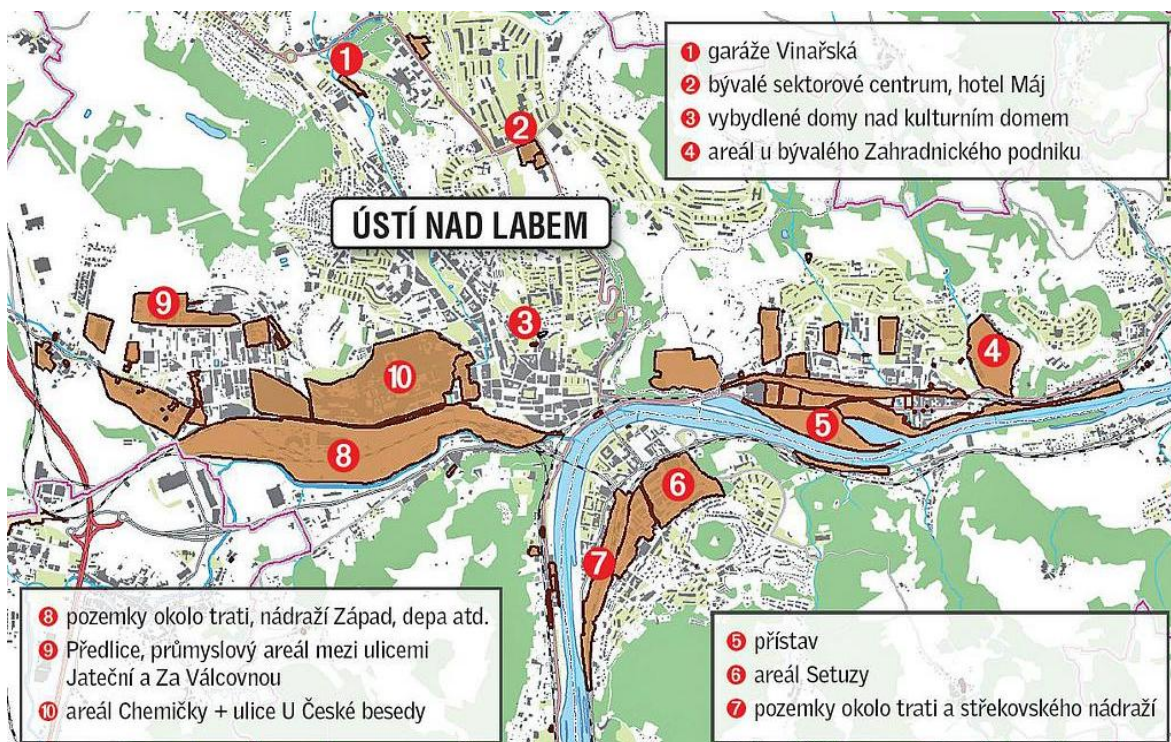
The second proposal of mine is about financial resources from employees' salaries at the city council. It is one of the largest items of the city's budget. An accurate analysis cannot be made due to unavailable resources about the number of employees, benefits and payment of rewards. In general, this proposal is to prevent a reduction in the accumulation of functions in public administration and prevent salaries from increasing in the millions per year. The different was 50 422 740 CZK between the first year and last year without any decrease in the monitored period. It is seen in the table no. 28.

Table 28 Employees' salaries at the city council in 2012–2018

Year	Salaries
2012	105 856 360
2013	107 689 810
2014	109 634 090
2015	113 605 410
2016	122 627 940
2017	138 218 940
2018	156 279 100

Source: own work according to the final accounts of the city

Picture 2 Map of brownfields of the City of Ústí nad Labem



Source: Ústecký deník.cz, 2005-2020

6 Conclusion

Total expenditure of the city increased by 40% from the year 2012 to the year 2018. Regarding the increases and decreases between consecutive years there was no difference of more than 20%. The trend of total city's expenditures was increasing with 2 declines (2013, 2016). A large decline occurred in 2016 due to the deficit of the previous year. In 2015, there was a significant increase in the capital expenditures of the city council's budget due to the mandatory deadline given by European subsidies for the completion of projects (IPRM) within the city development. Besides, it caused decrease of current expenditures of the city council's budget in 2015 as well. Current expenditures of the city exceeded capital expenditures. They accounted for an average of 91,11 % of the city's total expenditure in the whole monitored period.

The leading budget is the one of the city council, which accounted for 88,96 % per year on average of the total expenditure of the Statutory city in the entire monitored period. Thus, the trend of the city council's expenditure and the total city's expenditure including the city districts was the same in the analysis. Furthermore, it was found that the city districts do not participate in the education and city development. City development includes chapters such as an active policy – city promotion, spatial planning, social system development and membership in unions. That is the reason why the budget of the city council is the largest.

Regarding the budget of the city council, current expenditures accounted for 88,59 % per year on average of the total city's current expenditures. Their trend was increasing with one decrease in the mentioned year 2015, when current expenditures had to be reduced due to needed increase of capital expenditures. Most amount of current expenditures was used for education, culture and social services. Those items were not possible to tot up because they split up, changed, moved and divided among departments of the city council.

Capital expenditures of the city council accounted for 88,93 % on average of the total capital expenditures of the city every year in the monitored period. Their trend is highly variable, they are also dependent on subsidy programs. The largest capital expenditures were spent in the amount of 244 067 580 CZK for the reconstruction of the Klíše swimming pool in 2015. The pool is still repaired and should be completed this year according to the budgetary perspective.

The city had standard capital expenditures that related to repairs, reconstruction, new construction, investment purchase, equipment purchases and modernization of the city. Every year, the Statutory City of Ústí nad Labem invested the largest amount of capital expenditures in repairs and modernization of streets, roads and sidewalks, also education and leisure activities, namely sports and cultural activities.

As part of the city's living standard, an investment in brownfields has been proposed. Brownfields cover one quarter of the city's territory and largely affect its image. As the city is indebted and does not have too much financial resources, it is proposed to profit from collecting of municipal waste fees which were cancelled in 2017. The fees amounted 41 625 332 CZK per year on average during years 2012–2017. Another proposal is to decrease or stop salary growth of the city council employees' which increased by 47% from 2012 to 2018.

The following shortcomings were found within searching for a source for this work:

- The frequent change of the city council's departments and the transfer of financial resources provides a very bad orientation
- Unavailable budgets of city districts until 2017
- Inaccessible information on the number of inhabitants living in the individual city districts
- Non-update information about brownfields on websites of the City of Ústí nad Labem
- Insufficient summarizing information on the total budget of the City of Ústí nad Labem, it means the city council's budget together with the city districts' budgets. The total budget is summarized only in a broad chapter breakdown with no comments.

7 References

1. ALLEN, Richard a RADEV Dimitar. *Managing and Controlling Extrabudgetary Funds* [online]. USA: International Monetary Fund, 2006 [cit. 2020-01-17]. ISBN 9781451909999. Dostupné z: <https://ebookcentral.proquest.com/lib/czup/reader.action?docID=3012498>
2. ANGERMANNOVÁ, Andrea. Zoo v Ústí má šanci na návrat mezi kvalitní zahrady, město si půjčí peníze. In: *IDNES.cz* [online]. Praha: MAFRA, 1998-, 20. prosince 2019, 2020 [cit. 2020-03-18]. Dostupné z: https://www.idnes.cz/usti/zpravy/zoo-usti-nad-labem-zoologicka-zahrada-generel-rozvoje-zoo-uver-roman-koncel-finance.A191218_522066_usti-zpravy_pakr
3. Brownfieldy. In: *CzechInvest: Agentura pro podporu podnikání a investic* [online]. Praha: Agentura pro podporu podnikání a investic CzechInvest, 1993- [cit. 2020-03-09]. Dostupné z: <https://www.czechinvest.org/cz/Sluzby-pro-municipality/Nemovitosti-pro-podnikatelske-ucely/Brownfieldy>
4. BURJANEK, PHD., PhDr. Aleš. *Demografická studie pro území ORP Ústí nad Labem*. [online]. Brno: AUGUR Consulting, 2017. Dostupné z: https://mapy.usti-nad-labem.cz/PRILOHY/UPD/NUPUL2018_podklady/DEMOGRAFICKA_STUDIE_2017.pdf
5. ČERVENKA, Miloslav. *Soustava veřejných rozpočtů*. Příbram: Leges, 2009. ISBN 9788087212110.
6. ČESKÁ REPUBLIKA. Zákon č. 1/1993 Sb.: Ústava České republiky. In: *1/1993 Sbírka zákonů*. 1992. ISSN 1211-1244
7. *Český statistický úřad* [online]. Praha: ČSÚ [cit. 2020-03-09]. Dostupné z: <https://www.czso.cz/csu/czso/domov>
8. ELIÁŠ, Antonín. Rozpočtové určení daní – novelizace zákona se stává předmětem polemiky. In: *Deník veřejné zprávy* [online]. Praha: Triada, spol. s r. o., Webhouse, 1998-, 24. 11. 2011, 2020 [cit. 2020-01-17]. ISSN 12136336. Dostupné z: <http://www.dvs.cz/clanek.asp?id=6516121>
9. Expenditure: In: *Cambridge dictionary* [online]. Cambridge, UK c2020, [cit. 2020-01-23]. Dostupné z: <https://dictionary.cambridge.org/dictionary/english/expenditure>
10. GOLDSMITH, Michael J. a PAGE, Edward C. *Changing Government Relations in Europe: From Localism to Intergovernmentalism* [online]. Abingdon: Routledge, 2010 [cit. 2020-01-19]. ISBN 9780203858486. Dostupné z: <https://ebookcentral.proquest.com/lib/czup/reader.action?docID=496307>

11. GROSPÍČ Jiří, VOSTRÁ, Lenka: *Reforma veřejné správy v teorii a praxi*. Plzeň: Aleš Čeněk, 2004. ISBN 8086473716.
12. Historická města a městyse. In: *Deník veřejné správy* [online]. Triada, spol. s r. o., Webhouse, 1998-, 25. 7. 2006, 2020 [cit. 2020-03-08]. ISSN 1213-6336. Dostupné z: <http://www.dvs.cz/clanek.asp?id=6231795>
13. Infografika: Ústí je plné hnědých fleků. In: *Ústecký deník.cz* [online]. Ústí nad Labem: Vltava Labe media, 2020, 13.8.2011 [cit. 2020-03-21]. Dostupné z: https://ustecky.denik.cz/zpravy_region/20110812_wv_brownfields_opustene_objekty_mesto.html
14. JACKSON, Jiřina Bergatt, BERGATT, Wolfgang a VOTOČEK, Jan. *Analýza brownfieldů: v ORP v Ústí nad Labem a statutárním městě Ústí nad Labem*. Ústí nad Labem: Institut pro udržitelný rozvoj sídel o.s., 2010. <https://www.usti-nad-labem.cz/files/Analyza.pdf>.
15. KRAFTOVÁ, Ivana. *Finanční analýza municipální firmy*. Praha: C. H. Beck, 2002. ISBN 8071797782.
16. MAREK, Jiří, PÁNKOVÁ, Markéta a ŠÍMOVÁ, Petra. Public Administration in the Czech Republic. In: *Ministerstvo vnitra České republiky* [online]. Praha: Tiskárna Ministerstva vnitra, c2019, 2004 [cit. 2020-03-08]. Dostupné z: <http://www.mvcr.cz/soubor/public-administration-in-the-czech-republic.aspx>.
17. MONITOR [online]. Praha: Ministerstvo financí České republiky, 2013- [cit. 2020-01-19]. Dostupné z: <http://monitor.statnipokladna.cz/2019/>
18. MUSELL, R. Mark. *Understanding Government Budgets: a Practical Guide*. New York: Routledge, 2009. ISBN 0415990114.
19. MUSGRAVE, Richard A. a Peggy B. MUSGRAVE. *Public Finance in Theory and Practice*. Fifth edition. New York: McGraw-Hill BOOK COMPANY, 1989. ISBN 0-07-044127-8.
20. MTWESI, ANELE. FUNDAMENTALS OF MUNICIPAL FINANCES. In: *Helen Suzman Foundation* [online]. Johannesburg: Helen Suzman Foundation, 1993-, 10 December 2015, c2018 [cit. 2020-01-17]. Dostupné z: <https://hsf.org.za/publications/hsf-briefs/fundamentals-of-municipal-finances>
21. NEMEC, Juraj a ŠPAČEK, David. *25 Years of Public Administration Developments and Reforms in V4 region* [online]. Brno: Masaryk University, 2017 [cit. 2020-01-19]. ISBN 9788021084995. Dostupné z: <https://munispace.muni.cz/library/catalog/view/862/2720/581-1/#preview>

23. OATES, Wallace E. *Studies in fiscal federalism: Economists of the twentieth century*. Aldershot: Edward Elgar Publishing, 1991. ISBN 1852785209.
23. Obyvatelé Ústí nad Labem nebudou od příštího roku platit za odpad. Třetina lidí jej stejně neplatila. In: *Ekolist.cz* [online]. Praha: občanské sdružení BEZK, 1997-, 20.9.2017, 2020 [cit. 2020-03-09]. ISSN 18029019. Dostupné z: <https://ekolist.cz/cz/zelena-domacnost/zpravy-zd/obyvatele-usti-nad-labem-nebudou-od-pristiho-roku-platit-za-odpad-tretina-lidi-jej-stejne-neplatila>
24. PEKOVÁ, Jitka. *Hospodaření obcí a rozpočet*. Praha: CODEX Bohemia, 1997. ISBN 8085963345.
25. PEKOVÁ, Jitka, PILNÝ, Jaroslav a JETMAR, Marek J. *Veřejná správa a finance: veřejného sektoru*. 3., aktualizované a rozšířené vydání. Praha: ASPI, 2008. ISBN 9788073573515
26. PEKOVÁ, Jitka. *Veřejné finance: úvod do problematiky*. 3., přepracované vydání. Praha: ASPI, 2005. ISBN 8073570491.
27. POSPÍŠIL, Richard a ŽUFAN, Pavel. *Ekonomika veřejných rozpočtů: současnost a perspektiva*. Příbram: Professional Publishing, 2019. ISBN 9788088260325.
28. Principles of Budgetary Governance. In: *The Organisation for Economic Co-operation and Development (OECD)* [online]. Paris: Organisation for Economic Co-operation and Development, c2019 [cit. 2020-03-08]. Dostupné z: <https://www.oecd.org/gov/budgeting/principles-budgetary-governance.htm>
29. PROVAZNÍKOVÁ, Romana. *Financování měst, obcí a regionů: teorie a praxe*. 2. aktualizované a rozšířené vydání. Praha: GRADA Publishing, 2009. ISBN 978-80-247-2789-
30. Průměr. In: *Matematika.cz* [online]. Brno: Vydavatelství Nová média, 2005 [cit. 2020-03-06]. Dostupné z: <https://matematika.cz/prumer>
31. RADVAN, Michal. *Czech Tax Law*. Third edition. Brno: Masaryk University, 2010. ISBN 978-80-210-5269-7.
32. Revenue budget. In: *Business Dictionary* [online]. Fairfax, USA: Webfinance, 1996 [cit. 2020-01-23]. Dostupné z: <http://www.businessdictionary.com/definition/revenue-budget.html>
33. Revenue: In: *Cambridge dictionary* [online]. Cambridge, UK c2020, [cit. 2020-01-23]. Dostupné z: <https://dictionary.cambridge.org/dictionary/english/revenue>

34. Re-vize Ústí 02: Brownfieldy. In: Youtube [online]. 21. 2. 2018 [cit. 2020-03-18]. Kanál uživatele Veřejný sál Hraničář Media Lab. Dostupné z: <https://www.youtube.com/watch?v=0Mufjksn9o>
35. Rozpočet města: Střednědobý výhled rozpočtu na období r. 2021 až r. 2023. *Statutární město Ústí nad Labem: oficiální stránky / úřední* [online]. Ústí nad Labem: Ústí nad Labem, 2020 [cit. 2020-03-20]. Dostupné z: <https://www.usti-nad-labem.cz/cz/uredni-portal/sprava-mesta/povinne-zverejnovane-informace/rozpocet-mesta/>
36. Rozpočet města: Závěrečné účty. *Statutární město Ústí nad Labem: oficiální stránky / úřední* [online]. Ústí nad Labem: Ústí nad Labem, 2020 [cit. 2020-03-20]. Dostupné z: <https://www.usti-nad-labem.cz/cz/uredni-portal/sprava-mesta/povinne-zverejnovane-informace/rozpocet-mesta/>
37. RUCKÁ, Karla. Rozpočtové určení daní: Základní východiska a principy. In: *Moderní obec* [online]. Praha: Profi Press, 1995-, 8. 12. 2014, 2020 [cit. 2020-01-19]. ISSN 1211-0507. Dostupné z: <https://www.moderniobec.cz/rozpocetove-urceni-dani-zakladni-vychodiska-a-principy/>
38. Samospráva. In: *Rozvojjobci.cz* [online]. Ohrazenice: Asociace regionalistů, 24. 11. 2011 [cit. 2020-01-19]. Dostupné z: <https://www.rozvojjobci.cz/news/samosprava/>
39. SALAVOVÁ, Mirka. Ústí nad Labem mapuje brownfieldy, aby si jich všimli investoři. In: *IDNES.cz* [online]. Praha: MAFRA, 1998-, 23. listopadu 2017, 2020 [cit. 2020-01-19]. Dostupné z: https://www.idnes.cz/usti/zpravy/usti-nad-labem-brownfieldy-investori-nove-prilezitosti-mesto.A171123_366148_usti-zpravy_vac2
40. SHAFRITZ, Jay M a HYDE, Albert C. *Classics of Public Administration* [online]. Eighth Edition. Boston, USA: Cengage Learning, 2015 [cit. 2020-03-08]. ISBN 978-1305639034. Dostupné z: http://irpublicpolicy.ir/wp-content/uploads/2018/04/Classics_of_Public_Administration-Shafritz-8ed-irpublicpolicy.pdf
41. SHAH, Anwar. *Local Budgeting* [online]. Washington, DC: World Bank Publications, 2007 [cit. 2020-01-17]. ISBN 9780821369463. Dostupné z: <https://ebookcentral.proquest.com/lib/czup/reader.action?docID=459687>
42. STATE BUDGET: VARIOUS COMPONENTS. In: *Finance department* [online]. Srinagar, India: Government of Jammu and Kashmir, 2012, c2012 [cit. 2020-01-23]. Dostupné z <http://jakfinance.nic.in/stateBudget.pdf>
43. Statutární město Ústí nad Labem: oficiální stránky / úřední [online]. Ústí nad Labem: In: Ústí nad Labem, 2020 [cit. 2020-01-25]. Dostupné z: <https://www.usti-nad-labem.cz/cz/>

44. Svaz měst a obcí České republiky. *Příručka pro člena zastupitelstva obce: po volbách v roce 2010*. Praha: Artedit, 2010. ISBN 9788025486603.
45. SWAIN, John W. a REED, B. J. *Budgeting for Public Managers* [online]. Second edition. Abingdon: Routledge, 2010 [cit. 2020-01-17]. ISBN 9781317475644. Dostupné z: <https://ebookcentral.proquest.com/lib/czup/reader.action?docID=1900038>
46. UN-HABITAT. *Guide to Municipal Finance* [online]. Nairobi: UN-HABITAT, 2009 [cit. 2020-01-17]. ISBN 9789211321135. Dostupné z: <https://books.google.cz>
47. ULBRICH, Holley H. *Public Finance in Theory and Practice: Second Edition* [online]. Second edition. Abingdon: Routledge, 2011 [cit. 2020-01-17]. ISBN 9780203817018. Dostupné z: <https://ebookcentral.proquest.com/lib/czup/reader.action?docID=714009>
48. Ústí nad Labem. In: *Wikipedia: the free encyclopedia* [online]. San Francisco (CA): Wikimedia Foundation, 2001- [cit. 2020-01-25]. Dostupné z: https://cs.wikipedia.org/wiki/%C3%9A%C3%AD_nad_Labem
49. TOOTH, Petr. Skončila už reforma územní veřejné správy, či jí kynou nové možnosti? In: *Moderní obec* [online]. Praha: Profi Press, 1995-, 5. 11. 2009, 2020 [cit. 2020-03-12]. ISSN 1211-0507. Dostupné z: <https://www.moderniobec.cz/skoncila-uz-reforma-uzemni-verejne-spravy-ci-ji-kynou-nove-moznosti/>
50. VALDESALICI, Alice a PALERMO, Francesco. *Comparing Fiscal Federalism* [online]. Leiden, Netherlands: Koninklijke Brill, 2018 [cit. 2020-03-08]. ISBN 9789004340954. Dostupné z: <https://ebookcentral-proquest-com.infozdroje.czu.cz/lib/czup/reader.action?docID=5331690&query=fiscal+federalism>
51. Zákon č. 128/2000 Sb *Zákon o obcích (obecní zřízení)* (zákon o obcích). In: *Sbírka zákonů*. 15. 5. 2000. ISSN 12111244.
52. Zákon č. 250/2000 Sb *Zákon o rozpočtových pravidlech územních rozpočtů* In: *Sbírka zákonů*. 9.8. 2000. ISSN 12111244

8 Appendix

List of appendixes

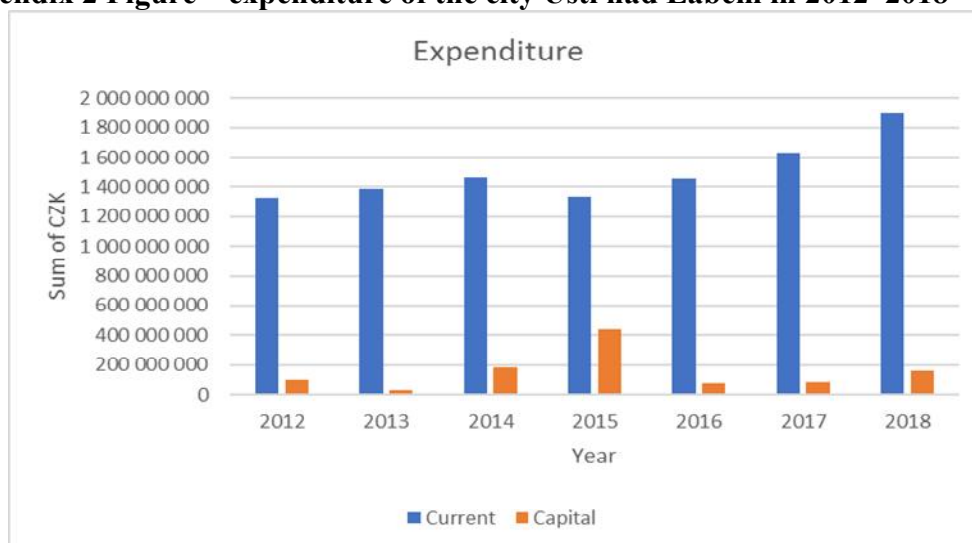
Appendix 1 Table – expenditure of the city Ústí nad Labem in 2012–2018.....	68
Appendix 2 Figure – expenditure of the city Ústí nad Labem in 2012–2018	68
Appendix 3 Table – expenditure of the city in 2012–2018 – chapter breakdown.....	69
Appendix 4 Figure – expenditure of the city in 2012–2018 – chapter breakdown	69
Appendix 5 Table – total expenditure divided to the city council and city districts	69
Appendix 6 Figure – total expenditure divided to the city council and city districts	70
Appendix 7 Table – current expenditures divided to the city council and city districts.....	70
Appendix 8 Figure – current expenditures divided to the city council and city districts	70
Appendix 9 Table – capital expenditures divided to the city council and city districts	71
Appendix 10 Figure – capital expenditures divided to the city council and city districts.....	71
Appendix 11– Budgetary Perspective for 2020–2023	72
Appendix 12 Table – budgetary perspective in 2020–2023 (rounded and 000000s).....	73

Appendix 1 Table – expenditure of the city Ústí nad Labem in 2012–2018

Year	Current	Capital	Total
2012	1 327 789 980	96 123 790	1 423 913 770
2013	1 388 302 910	31 045 490	1 419 348 400
2014	1 467 258 360	182 222 070	1 649 480 430
2015	1 336 185 100	439 691 300	1 775 876 400
2016	1 458 508 140	74 211 200	1 532 719 340
2017	1 632 832 530	85 918 680	1 718 751 210
2018	1 893 835 630	156 664 780	2 050 500 410

Source: own work according to the final accounts of the city

Appendix 2 Figure – expenditure of the city Ústí nad Labem in 2012–2018



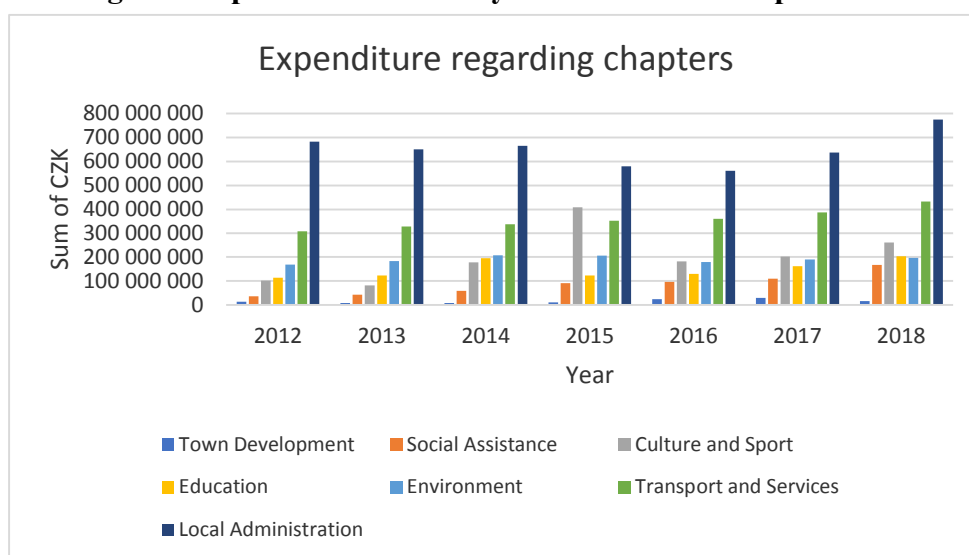
Source: own work according to the final accounts of the city

Appendix 3 Table – expenditure of the city in 2012–2018 – chapter breakdown

Year	Town Development	Social Assistance	Culture and Sport	Education	Environment	Transport and Services	Local Administration	Total
2012	14 314 760	36 267 500	101 206 520	11 3742 380	168 167 260	307 470 130	682 745 220	1 423 913 770
2013	8 068 610	43 688 980	81 504 630	123 114 630	183 086 320	329 280 920	650 604 310	1 419 348 400
2014	8 373 860	58 620 950	177 778 460	194 617 300	207 232 690	338 141 490	664 715 680	1 649 480 430
2015	11 422 800	91 349 160	409 103 690	123 744 140	206 604 050	353 210 780	580 441 780	1 775 876 400
2016	24 473 600	96 606 960	181 446 220	129 203 440	178 874 130	360 789 920	561 325 070	1 532 719 340
2017	29 684 590	109 708 760	202 499 980	161 493 220	190 192 200	388 131 190	637 041 270	1 718 751 210
2018	16 129 970	166 958 290	260 651 530	203 195 900	196 560 470	432 908 480	774 095 770	2 050 500 410

Source: own work according to the final accounts of the city

Appendix 4 Figure – expenditure of the city in 2012–2018 – chapter breakdown



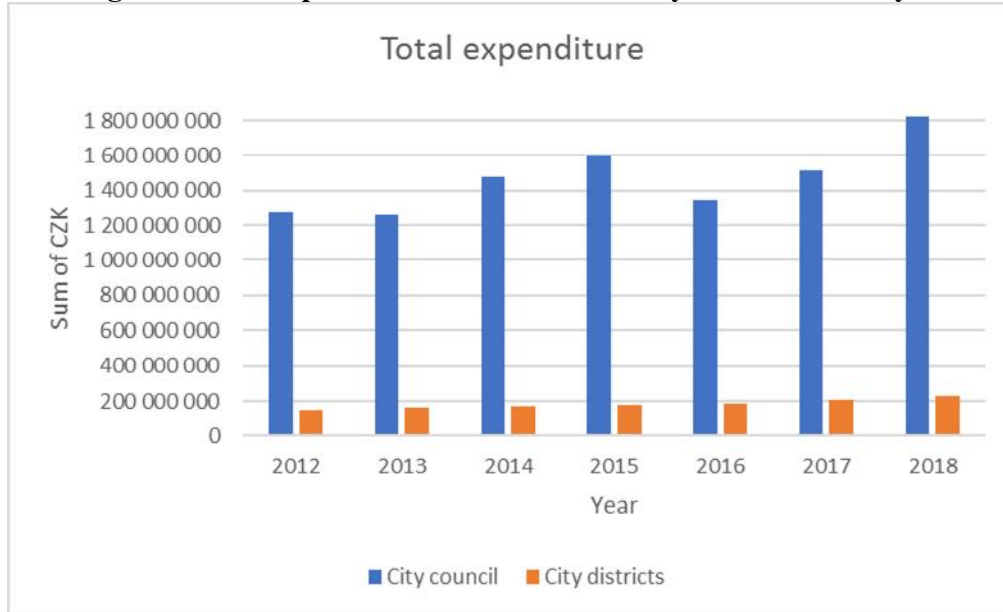
Source: own work according to the final accounts of the city

Appendix 5 Table – total expenditure divided to the city council and city districts

Year	City council	City districts	Total
2012	1 275 808 080	148 105 690	1 423 913 770
2013	1 259 587 490	159 760 910	1 419 348 400
2014	1 477 512 190	171 968 240	1 649 480 430
2015	1 599 863 870	176 012 530	1 775 876 400
2016	1 344 992 490	187 726 850	1 532 719 340
2017	1 511 530 840	207 220 370	1 718 751 210
2018	1 825 078 250	225 422 160	2 050 500 410

Source: own work according to the final accounts of the city

Appendix 6 Figure – total expenditure divided to the city council and city districts



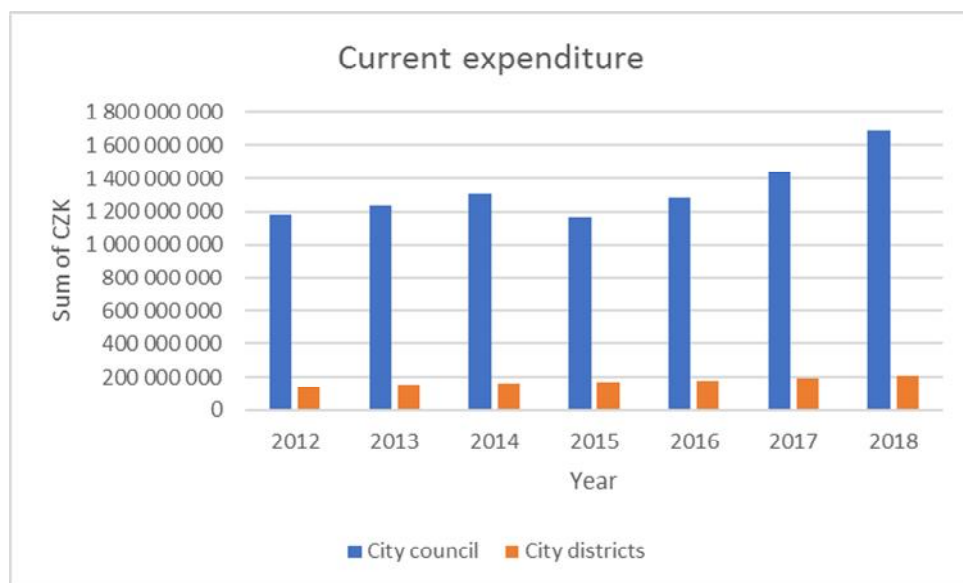
Source: own work according to the final accounts of the city

Appendix 7 Table – current expenditures divided to the city council and city districts

Year	City council	City districts	Total
2012	1 186 317 630	141 472 350	1 327 789 980
2013	1 233 500 330	154 802 580	1 388 302 910
2014	1 307 545 350	159 713 010	1 467 258 360
2015	1 170 755 510	165 429 590	1 336 185 100
2016	1 282 109 580	176 398 560	1 458 508 140
2017	1 442 154 980	190 677 550	1 632 832 530
2018	1 685 615 540	208 220 090	1 893 835 630

Source: own work according to the final accounts of the city

Appendix 8 Figure – current expenditures divided to the city council and city districts



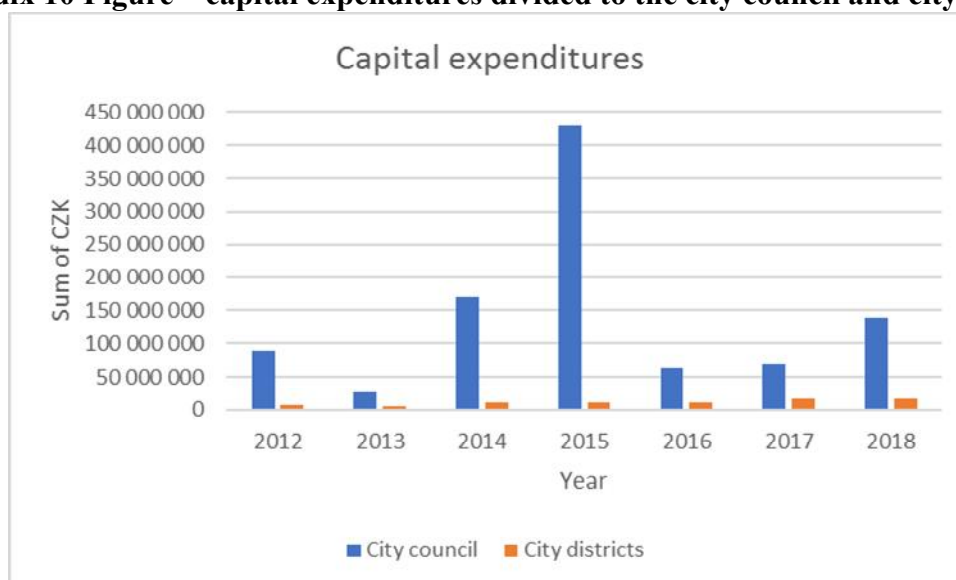
Source: own work according to the final accounts of the city

Appendix 9 Table – capital expenditures divided to the city council and city districts

Year	City council	City districts	Total
2012	89 490 450	6 633 340	96 123 790
2013	26 087 160	4 958 330	31 045 490
2014	169 966 840	12 255 230	182 222 070
2015	429 108 360	10 582 940	439 691 300
2016	62 882 910	11 328 290	74 211 200
2017	69 375 860	16 542 820	85 918 680
2018	139 462 710	17 202 070	156 664 780

Source: own work according to the final accounts of the city

Appendix 10 Figure – capital expenditures divided to the city council and city districts



Source: own work according to the final accounts of the city

Appendix 11– Budgetary Perspective for 2020–2023

The budgetary perspective for 2020–2021 was approved at the end of 2018. In December 2019, the submitted budgetary perspective was approved for the period 2021–2023 with adjustments for 2021. The following table shows that the Statutory City of Ústí nad Labem has financial stability. It means it is able to cover its credits, loans and to finance its possible development in part. The budgetary perspective is divided into two parts, revenue and expenditure. The budget perspective does not include the eighth class – financing regarding the budgetary structure, so it falls into the expenditure part. Capital expenditures are covered by the income balance and current expenditure. This budgetary perspective does not include financial reserves. In the case of unexpected occurrences, expenditure would have to be covered from existing reserves or secured by new financial sources. Following comment will be focused only on capital expenditures of the budget perspective.

Regarding long-term liabilities, the Statutory City of Ústí nad Labem has been repaying two long-term credits (EIB until 2030, KB until 2024), in the row number three teen of the following table there are included interests of the credits with the expected rise in interest rates in the coming years. The budgetary perspective for the period includes, separately, a total of two loan instalments of investments made from previous years: construction work on the FC stadium (2015–2024), purchase of the Čelakovský building (2015–2023).

Other major capital expenditures are finances for the change and updating of the zone plan which has been involved in the project work since 2012. As well as finances for the completion of the Klíše swimming area which has been gradually reconstructed and revitalized since 2012. Furthermore, capital expenditures for streets and roads reconstruction, participatory projects and purchase of a former university building (UJEP) are also planned. Last planned item is the warning information system (VISO) which is expected to be co-financed by EU subsidies. Investment reserves are also included in the budgetary perspective.

Appendix 12 Table – budgetary perspective in 2020–2023 (rounded and 000000s)

Name	2020	2021	2022	2023
Tax revenues	1 684	1 709	1 726	1 735
Non-tax revenues	148	148	148	148
Return of loans from FC ÚL and Collegia Bohemica	1	1	1	1
Subsidies for execution of state administration	80	80	80	80
Other current subsidies	21	16	16	16
Transfers from own economic activity	1	1	1	1
Current revenues - total	1 935	1 955	1 972	1 981
Current expenditures without interests - total	-1 743	-1 760	-1 778	-1 796
Balance of current revenues and current expenditures without interests	192	195	194	185
Credit repayment of principal sum from EIB	-53	-53	-53	-53
Credit repayment from KB	-49	-49	-49	-49
Interests from all credits	-22	-20	-18	-16
Debt - total	-124	-122	-120	-118
Total investment expenditure of which:	-345	-80	-88	-67
Construction alteration of the city football stadium	-13	-13	-13	-13
Purchase of the building Čelakovského	-1	-1	-1	-1
Change and update of the zone plan	-10	-6	-5	0
Outdoor area of swimming pool Klíše	-42	0	0	0
Purchase of university building (UJEP)	-20	-21	0	0
Reconstruction of Novoveská street	-4	0	-10	-10
Reconstruction of streets: Školní, Návětrná, Vojnovičova	-9	-9	0	0
Participatory projects	-5	-9	0	-5
Warning Information System (VISO)	-10	-23	0	0
Investment reserve	-24	-2	-54	-38
Other investment actions	-207	0	0	0
Expected investment subsidies received	0	7	14	0
Balance of current and capital expenditures	-192	-195	-194	-185
Balance of total revenues and expenditures	0	0	0	0

Source: own work according to budgetary perspective of the city