

# A Brief Guide to the City of Zagreb 2020 Budget Execution

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# **A Brief Guide to the City of Zagreb 2020 Budget Execution**



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The purpose of this brief guide is to provide citizens with basic information on the City of Zagreb's 2020 Budget execution as well as to encourage them to monitor the budget and communicate with the City's authorities. The full draft of the [Year-end Report on the Execution of the City of Zagreb's 2020 Budget](#) is available on the City's website, while the [Guide to the City of Zagreb Budget](#) contains general information on the City's budget and the budget process and can provide assistance for understanding the Report and the City's budget process in general.

On 10 December 2019, the City Assembly enacted the City's [2020 Budget](#) with revenues and expenditures totalling HRK 11.95bn and HRK 11.72bn respectively.

*Pursuant to amendments to the [Budget Act](#), as of 2016 the City's budget also comprises own and earmarked revenues of all City budget users, as well as expenditures financed from these revenues. As of 2020, the City's budget shall include the following items on the expenditure side: funds for gross salaries, contributions and other expenditures for primary and secondary school employees, which are secured from the State budget; on the revenue side, this amount is to be reported as State budget grants to budget users.*

The exceptional epidemiological circumstances and the related measures passed by the [Government](#) and the [City](#) resulted in a decrease in the City's revenues and an increase in health-related expenditures in 2020. For this reason, on 18 March 2020 the Mayor adopted the [Conclusion on the Reallocation of Funds Planned in the City of Zagreb 2020 Budget](#), which secured HRK 16m for the City Office for Health to purchase the necessary resources and equipment, as well as [Five Conclusions on the Utilization of Budget Reserves](#), securing HRK 3.9m for the Andrija Štampar Teaching Institute of Public Health to purchase equipment and consumables.

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#### **reallocation of budget funds**

if unexpected or insufficiently estimated expenditures or outlays arise during a budget year that cannot be covered from planned funds, the Mayor may, upon proposal of the City Office for Financing and the City's administrative body, issue a decision that these amounts be covered by reallocation of budget funds. The Budget Act (Article 46) provides for reallocation of funds within the enacted Budget, upon the Mayor's approval. Not more than 5% of expenditures or outlays from an individual budget item may be reallocated. Up to 15% of an individual budget item may be reallocated in exceptional circumstances, if this reallocation would ensure higher share of national financing in projects co-financed by the EU.



.....  
**City's administrative bodies** offices, institutes and professional services conducting business under the City's jurisdiction.

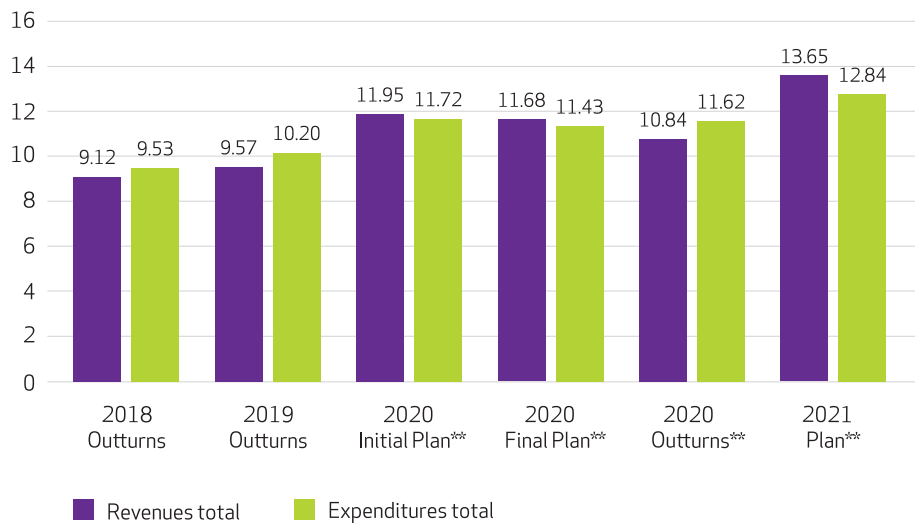
Pursuant to the Government's [Conclusion on the Restriction of Expenditure for State Budget and Extra-budgetary Users due to Changed Economic Circumstances Arising from the Coronavirus Epidemic](#) of 2 April 2020, the Mayor issued [Measures for Temporary Suspension of the City of Zagreb 2020 Budget Execution](#). These measures, which were in force between 10 April and 25 May 2020, restricted all expenditures and outlays that were not essential for the operation and functioning of budget users and city administration.

In June 2020, the City Assembly adopted a revision of the budget, i.e. the [Decision on Amendments to the City of Zagreb 2020 Budget](#), whereby the City's revenues were reduced by HRK 267m (2.2%) to HRK 11.68bn, while expenditures were reduced by HRK 301m (2.6%) to HRK 11.42bn. This revision reduced budget items which were non-essential for the City's day-to-day operation, while securing HRK 43.2m for combatting the epidemic as well as HRK 113.8m for repair of earthquake damage.

In order to make minor alignments of the planned expenditures with the requirements of the **City's administrative bodies**, by the end of 2020 the Mayor issued two (on 30 November and 31 December) [Conclusions on the Reallocation of Funds Planned in the 2020 Budget](#) without changing the overall planned budget amount. The following text **compares the 2020 Budget outturns** with the **Initial 2020 Budget Plan** (as adopted on 10 December 2019) and the **Final 2020 Budget Plan** (following the 31 December 2020 reallocation).

## REALISED REVENUES AND EXPENDITURES

The City of Zagreb's **budget revenues and expenditures realised in 2020 stood at HRK 10.84bn and HRK 11.62bn** respectively (graph 1). The realised revenues are HRK 1.1bn (9.2%) lower **than estimated in the Initial Budget Plan**, whereas the expenditures are HRK 107m (0.9%) lower. **When compared to the Final Budget Plan**, the realised revenues are HRK 836m (7.2%) lower, while expenditures are HRK 190m (1.7%) higher.



**Graph 1: The City of Zagreb budget revenues and expenditures, 2018–21 (in HRK billion)\***

\* Including own and **earmarked revenues** of budget users and expenditures financed from those revenues.

\*\* As of 2020, the budget plan includes funds for gross salaries, contributions and other expenditures for primary and secondary school employees, which are provided from the State budget. Consequently, the items above are to be included in the City’s budget on the expenditure side, whereas on the revenue side this amount is reported as State budget grants to budget users.

**earmarked revenues** revenues which have a pre-defined expenditure purpose. For instance, revenue from utility charges is spent on maintaining and constructing the City’s utility infrastructure as well as for financing utility operations such as drainage of rainfall.

The City’s budget comprises the **revenues and expenditures of 330 City budget users**, i.e. institutions that have been established by the City, whose majority of funding comes from the City and which are listed in the [Register of Budget and Extra-Budgetary Users](#). These include, for example, public healthcare institutions (health centres, polyclinics, hospitals and institutes), preschool, primary school and secondary school education institutions, cultural institutions, social welfare institutions, the Zagreb Public Fire Department, Office for Physical Planning, Public Institution Maksimir, Zoological Garden, Sports Facilities Management Institution, and the Zagreb Development Agency for Coordination and Promotion of Regional Development.





In the course of 2020, every employed person paid an average monthly amount of about HRK 966 in personal income tax and surtax into the budget.

**decentralized functions** responsibility for a part of public services (primary and secondary education, healthcare, social welfare and fire department) which the State transferred to individual counties, cities and municipalities, providing them with additional sources of funding.

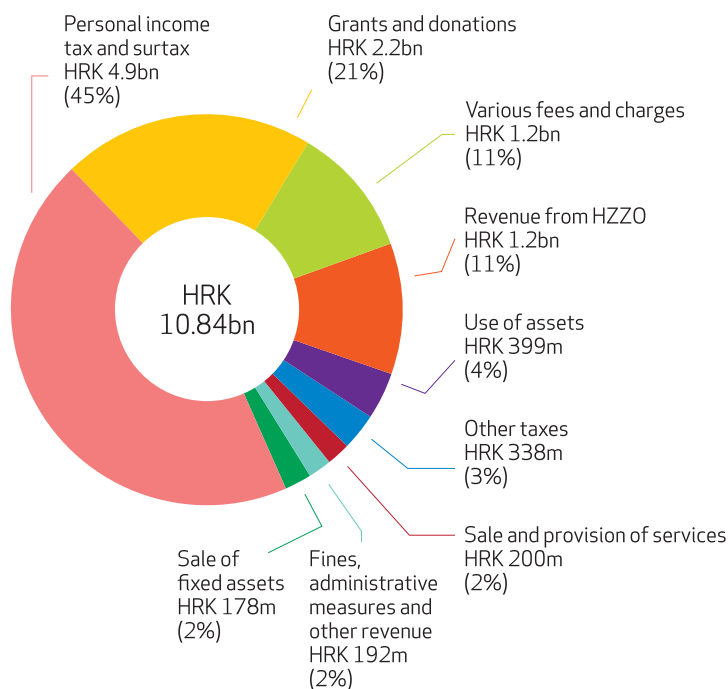
## REALISED REVENUES

**Total revenues realised in 2020 stood at HRK 10.84bn** (graph 2), 45% of which (**HRK 4.9bn**) was collected from **personal income tax and surtax**. The second-largest source of revenue are **grants and donations** (HRK 2.2bn, or 21%), the **majority of which** (HRK 1.67bn in total) pertain to grants allocated for gross wages, contributions and other expenditures for **primary and secondary school employees**; the 2020 Budget was the first time these revenues were included in the budget, pursuant to the Instructions for Drafting the Budgets of Local and Regional Self-government Units. In addition, the City received HRK 282.2m from the central government budget in the form of other grants for the following purposes: HRK 129.7m as compensation for reduced revenues from personal income tax, HRK 61m of equalization grants for **decentralized functions**, HRK 28.5m for subsidising the Arena hall rental fee, HRK 15.5m for the construction of the Remetinec roundabout, HRK 14.3m for subsidising inter-city public transport of students, HRK 10.7m for European Parliament elections, etc. **Grants from EU funds and international organizations**, realised in the amount of HRK 231m, pertain to the following projects: Remetinec roundabout (HRK 88.3m), conversion of a facility in Vlačka street (HRK 18m), energy-efficient reconstruction of public-use buildings (HRK 15.4m), Zagreb Energy Efficient City – **ZagEE** (HRK 14.7m), classroom assistants for supporting inclusive education (HRK 4.4m), **energy-efficient reconstruction of public lighting – RePubLEEc** (HRK 4m), **implementation of the Integrated Territorial Investment mechanism** (HRK 1.9m), etc.

**Revenues from various fees and charges** were collected in the amount of HRK 1.24bn (11%), mostly from utility contributions and charges (HRK 781m), budget users' revenues pursuant to special regulations (HRK 345.9m), parents' participation in preschool education cost (HRK 77.6m), and administrative fees, such as the government stamp duty and local tourist tax (HRK 34.8m).

The fourth largest source of revenue was **budget users' revenues from the Croatian Health Insurance Fund (HZZO) for health services rendered** (HRK 1.2bn, i.e. 11%).

**Revenues from the use of assets** (HRK 399m, i.e. 4%) were mainly revenues from annual public road use charges payable at vehicle registration (HRK 220.5m), and from the lease and rental of office space, billboards, advertising boxes, terraces, parking places, mobile devices, kiosks, apartments, etc. (HRK 114m). **Revenues from other taxes** totalled HRK 338m (3%) – mainly real property transfer tax (HRK 246m), road motor vehicle tax (HRK 73.5m), and tax for the consumption of alcoholic and non-alcoholic beverages in catering facilities (HRK 14.7m).



Graph 2: City's 2020 Budget realised revenues\*

\* Including own and earmarked revenues of budget users.

**Compared to the Initial Budget Plan, the total realised revenues are lower by HRK 1.1bn, or 9.2%.** The revenue drop was largely affected by the exceptional epidemiological situation that caused economic activity to slow down, a series of earthquakes that hit Zagreb, measures adopted by the Government and City aimed at alleviating negative consequences for entrepreneurs as well as changes to the personal income taxation system which entered into force on 1 January 2020 (higher personal allowances and higher tax reliefs for natural persons under the age of 30). For this reason, the widest gap between planned and realised revenues is evident in the following budget items: revenue from personal income tax and surtax (HRK 381.3m less than planned), grants (HRK 299.8m less, primarily pertaining to EU and State budget grants), revenue from various fees and charges (HRK 293m less, primarily revenue from co-funding pre-school education fees, utility contributions and charges) and revenue from other taxes (HRK 144.5m less, primarily from real property transfer tax). At the same time, other revenues and revenue from the sale of fixed assets exceeded the amounts planned in the Initial Budget Plan (by HRK 116.5m and HRK 53.4m respectively).

**When compared to the Final Budget Plan** (following the 31 December 2020 reallocation), **the realised revenues are lower by HRK 836m, or 7.2%.** The poorest realization rate was recorded by planned revenue from grants (HRK 433m less realised than planned, primarily pertaining to EU and State budget grants), revenue from various fees and charges (HRK 196m less, primarily from utility contributions and charges), revenue from other taxes (HRK 124.5m less, primarily pertaining to real property transfer tax) and budget users' revenues from HZZO for health services

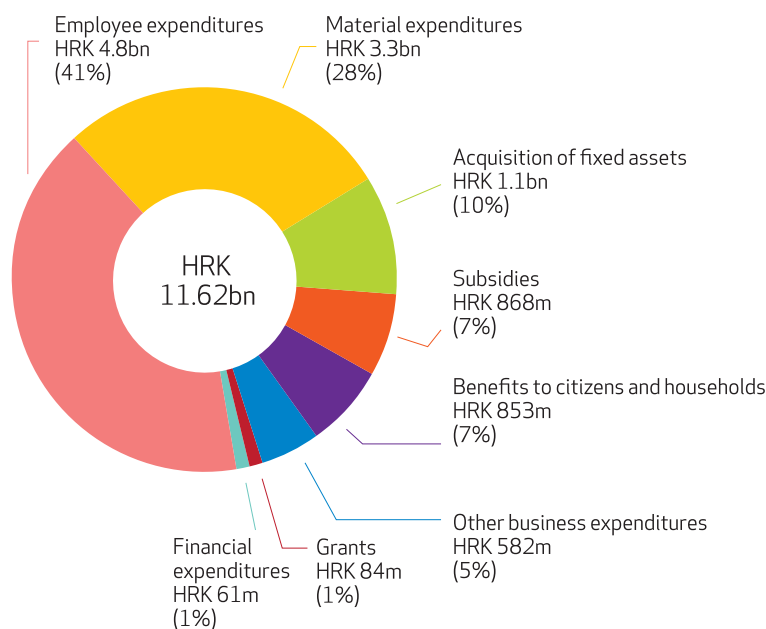


rendered (HRK 70m less), while revenues from the sale of fixed assets exceeded the planned amount by HRK 43.5m.

## REALISED EXPENDITURES BY TYPE

**Total expenditures realised in 2020 stood at HRK 11.62bn (graph 3), which is HRK 107.2m (0.9%) lower than estimated in the Initial Budget Plan.** The most substantial increase of expenditures is evident in expenditures for subsidies (HRK 329.1m more than planned, primarily pertaining to ZET), employee expenditures (HRK 226.5m more) and benefits to citizens and households (HRK 143m more, primarily pertaining to parents-educators), while expenditures for the acquisition of fixed assets and material expenditures were lower than the planned amounts by HRK 513.8m and HRK 210.2m respectively.

**Total expenditures in 2020 were HRK 190m (1.7%) higher than the expenditures planned in the Final Budget Plan** (following the 31 December 2020 reallocation of funds). The most substantial increase of expenditures is evident in expenditures for subsidies (HRK 319.8m more than planned, primarily pertaining to ZET), employee expenditures (HRK 229.5m more) and benefits to citizens and households (HRK 148.2m more, primarily pertaining to parents-educators), while expenditures for the acquisition of fixed assets and material expenditures were lower than the planned amounts by HRK 407.8m and HRK 96.4m respectively.



**Graph 3: The City budget's realised expenditures in 2020 by type (economic classification)\***

**Expenditures for employees** (HRK 4.8bn) include salaries, social security contributions and other expenditures for employees, including expenditures for persons recruited for EU-funded projects. Of the total expenditures for employees, HRK 2.8bn pertain to salaries for employees of budgetary users whose funds are not financed from the City of Zagreb budget. The majority of this amount (HRK 1.6bn) pertains to employees in primary and secondary schools, whose salaries are financed from the State budget, while HRK 0.8bn pertains to employees in hospitals and other healthcare institutions, whose funds are financed by HZZO.

The bulk of **material expenditures** (HRK 3.3bn) pertains to current and investment maintenance of utility infrastructure facilities (e.g. public spaces, public lighting, roads, cemeteries and the Crematorium) and the City administration's and budget users' facilities, as well as stationery, energy and service costs (e.g. telephone, postal, transportation and information services), all of which are essential for day-to-day operation of the City's administrative bodies and City budget users.

**Expenditures for the acquisition of fixed assets** stood at HRK 1.1bn and covered the construction of unclassified roads, utility infrastructure, commercial and other construction facilities, energy-efficient renovation of buildings within the framework of the ZagEE project, landslide repair and equipment in schools, healthcare and social welfare institutions, etc.

**Subsidies** (HRK 868.3m) were used for stimulating manufacturing and services of companies, sole proprietorships, farmers and SMEs. The bulk of the amount was spent on city public transport, i.e. ZET (HRK 754.2m), the Arena sports hall rental fee (HRK 57m), employment of disabled persons – URIHO and LADA d.o.o. (HRK 28.2m), radio and television content and electronic publications (HRK 8.3m), Zagreb Innovation Centre (HRK 5.7m), promotion of trades, SMEs, farmers and sole proprietors (HRK 3.7m).

**Benefits to citizens and households** (HRK 852.8m in total) comprise cash benefits for new-born children and parents-educators (HRK 521m), co-financing of inter-city public transport of pupils, purchase of textbooks and other education materials and extracurricular activities (HRK 83.1m), ZET transportation costs, including transportation of disabled persons (HRK 80.9m), pension supplement (HRK 63.5m), assistance for improving the living standard of pupils and students and cash support for the orphans of fallen and missing Homeland War veterans (HRK 32.7m), connection to utility water infrastructure (HRK 21.4m), food for underprivileged persons (HRK 16.4m), housing assistance to households (HRK 10.1m) and many other assistance programmes for disabled and unemployed persons, volunteer blood donors, Homeland War veterans and victims, scholarships for pupils and students, etc.



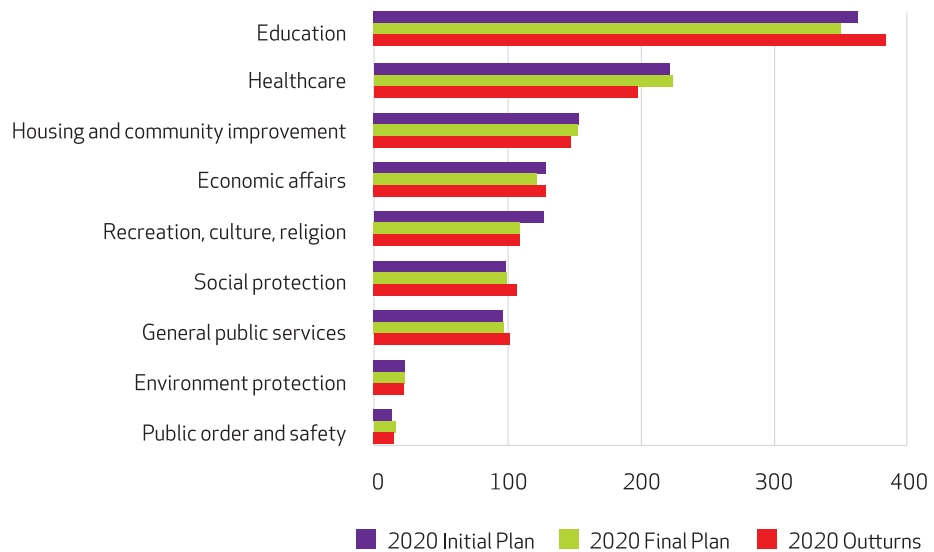
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**subsidy**  
a non-repayable sum of money granted to stimulate the production of goods or provision of services.

**Other business expenditures** (HRK 582.1m) mainly included current donations and capital grants. Current donations (HRK 371.7m) were used for co-financing sports (HRK 172m), religious and private kindergartens and schools (HRK 81.2m), culture (e.g. libraries, museums, theatres, as well as music, visual arts and film) and non-profit organizations (associations, social, humanitarian and development programmes, etc.). The bulk of capital grants (HRK 156.7m) were spent for settling liabilities of the Zagreb Wastewater company (HRK 140m), for the renewal and reconstruction of ZET's motor fleet (HRK 9.3m), for settling liabilities of the Zagreb Waste Management Centre (HRK 6.4m) and for the Zagreb Innovation Centre (HRK 1m).

## REALISED EXPENDITURES BY PURPOSE

The average monthly budget spending per citizen in 2020 stood at HRK 1,203 (graph 4). The majority of this amount was spent on education (HRK 382), healthcare (HRK 196), housing and community improvement (HRK 146) and economic affairs (HRK 128). Compared with the Initial Budget Plan, the sharpest decrease was recorded in expenditures for healthcare (HRK 24 less than planned) and recreation, culture and religion (HRK 18 less), while expenditures for education recorded the sharpest rise (HRK 21 more than planned). Comparison with the Final Budget Plan (following the 31 December 2020 reallocation) reveals a similar picture – healthcare expenditures recorded the widest gap between planned and realised amounts (HRK 26 less), while education expenditures increased the most (HRK 33 more than planned).



Graph 4: Realised average monthly spending per purpose, per citizen (functional classification), 2020 (in HRK)\*

***Expenditures for education** pertain to preschool education (staff costs in city kindergartens and privileged kindergarten fee subsidies), as well as primary and secondary school education (including employee salaries, material expenditures and the acquisition of fixed assets).*

***Expenditures for healthcare** pertain to health protection, the development and implementation of health protection programmes and strategies, promotion of health as well as addiction prevention and suppression, providing support for healthcare programmes and projects carried out by associations and other forms of organised health-oriented activities, as well as the coordination and control of City-owned healthcare institutions.*

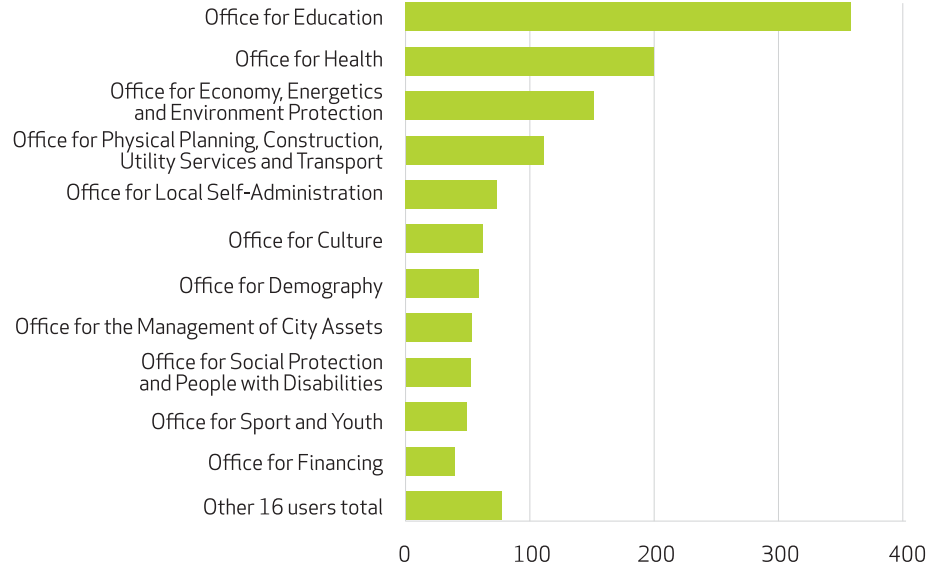
***Housing and community improvement services** pertain, for the most part, to the maintenance of city property and public spaces (e.g. public lighting, etc.).*

***Economic affairs** generally include city public transport, road construction and maintenance, agriculture and tourism.*

***Expenditures for recreation, culture and religion** pertain to the funding of cultural institutions, support for various cultural programmes and activities, co-financing sports activities, subsidising the Arena sports hall rental fee, etc.*

## **REALISED EXPENDITURES BY BUDGET USER**

Most of the City's administrative bodies accounted for relatively small shares in total expenditures, while **the three most important City offices** – the Office for Education, the Office for Health and the Office for Economy, Energetics and Environment Protection jointly spent **over half of the City's budget**, i.e. a **monthly average of HRK 705 per citizen**.



**Graph 5: Realised average monthly spending per budget user (organisational classification) per citizen, 2020 (in HRK)\***

\*Including expenditures and outlays financed from own and earmarked revenues and receipts of budget users.



**financial assets**  
money, deposits, bonds,  
loans, etc.

## FINANCING ACCOUNT

In 2020, the City's total revenues and expenditures stood at HRK 10.84bn and HRK 11.62bn respectively. As the funds spent exceeded those collected, the budget deficit stood at HRK 772.6m (table 1).

In contrast to the terms *revenues* and *expenditures*, which are used in the revenue and expenditure account with respect to business operations and the sale and acquisition of fixed assets, the financing account uses the terms receipts and outlays when referring to **financial assets** and borrowing, lending and repayment of loans. *Receipts* are monetary inflows, e.g. repaid principal amounts of granted loans, proceeds from the sale of shares and bonds, and funds from borrowing, whereas *outlays* are monetary outflows of the same kinds. The difference between receipts and outlays represents *net financing*, i.e. the amount that should equal the surplus/deficit from the revenue and expenditure account.

In 2020, the City realised HRK 1,394.7m worth of receipts, of which HRK 313m pertain to long-term loans for financing capital investments, such as investing into objects with a social purpose, road construction, renovation of objects damaged in the earthquake and for renovation of objects with a social purpose. Loans received from the State budget amounted to HRK

430m as the City submitted three requests for the disbursement of interest-free loans for easier handling of the unfavourable situation caused by the pandemic, reflected in the discrepancy between the collection of revenues and maturity of liabilities, in order to improve liquidity and ensure better management of budget funds. In addition, in 2020 the City received HRK 593m on account of deferred payments, HRK 131m pertaining to three agreements on debt repayment between Zagrebački holding d.o.o. and the City and HRK 462m on account of **factoring** loans. Concurrently, outlays in the amount of HRK 704.9m were spent on financial assets and loan repayment, the bulk of which pertained to the repayment of the principals of received credits and loans (HRK 703.2m).



**factoring**  
a financial transaction in which a financial institution purchases (in this case, from the City) non-matured liabilities for sold goods or provided services before their maturity date.

|  | 2018<br>Outturns | 2019<br>Outturns | 2020<br>Initial Plan | 2020<br>Final Plan | 2020<br>Outturns | 2021<br>Plan  |
|--|------------------|------------------|----------------------|--------------------|------------------|---------------|
| <b>Revenue and expenditure account</b>               |                  |                  |                      |                    |                  |               |
| Revenues total                                       | 9,122.6          | 9,572.4          | 11,946.0             | 11,679.1           | 10,843.0         | 13,648.1      |
| Expenditures total                                   | 9,530.4          | 10,203.3         | 11,722.8             | 11,426.0           | 11,615.5         | 12,838.8      |
| <b>Surplus/deficit</b>                               | <b>-407.8</b>    | <b>-630.9</b>    | <b>223.2</b>         | <b>253.1</b>       | <b>-772.6</b>    | <b>809.3</b>  |
| <b>Financing account</b>                             |                  |                  |                      |                    |                  |               |
| Receipts from financial assets and loans             | 633.3            | 634.6            | 544.1                | 537.4              | 1,394.7          | 378.3         |
| Outlays for financial assets and loans               | 364.1            | 578.0            | 727.3                | 750.5              | 704.9            | 1,196.6       |
| <b>Net financing</b>                                 | <b>269.2</b>     | <b>56.7</b>      | <b>-183.2</b>        | <b>-213.1</b>      | <b>689.9</b>     | <b>-809.3</b> |
| a) Deficit/surplus current period                    | -138.6           | -574.2           | 40.0                 | 40.0               | -82.7            | 0.0           |
| b) Deficit/surplus carried over from previous period | -591.1           | -729.7           | -1,303.9             | -1,303.9           | -1,303.9         | -1,386.6      |
| Total deficit/surplus a)+b)                          | -729.7           | -1,303.9         | -1,263.9             | -1,263.9           | -1,386.6         | -1,386.6      |

**Table 1: Revenue and expenditure account and financing account, 2018–2021 (in HRK million)\***

\* Including own and earmarked revenues and receipts of budget users, as well as expenditures and outlays financed from those revenues and receipts.

As shown in tables 1 and 2, the revenue deficit in the current period stands at HRK 772.6m, while the total amount of net financing amounts to HRK 689.9m. The difference between the revenue deficit realised and net financing in 2020 amounts to HRK 82.7m; this difference, together with the deficit carried over from the previous year (HRK 1,303.9m), will have to be covered in the upcoming period – a total of HRK 1,386.6m.

|   | 2018<br>Outturns | 2019<br>Outturns | 2020<br>Initial Plan | 2020<br>Final Plan | 2020<br>Outturns | 2021<br>Plan |
|---|------------------|------------------|----------------------|--------------------|------------------|--------------|
| 1. Revenues and receipts total                          | 9,755.8          | 10,207.1         | 12,490.1             | 12,216.5           | 12,237.7         | 14,035.4     |
| 2. Expenditures and outlays total                       | 9,894.5          | 10,781.3         | 12,450.1             | 12,176.5           | 12,320.4         | 14,035.4     |
| 3. Surplus/deficit of current period (1-2)              | -138.6           | -574.2           | 40.0                 | 40.0               | -82.7            | 0.0          |
| 4. Deficit carried over from previous period            | -591.1           | -729.7           | -1,303.9             | -1,303.9           | -1,303.9         | -1,386.6     |
| 5. Total deficit to be covered in upcoming period (3+4) | -729.7           | -1,303.9         | -1,263.9             | -1,263.9           | -1,386.6         | -1,386.6     |

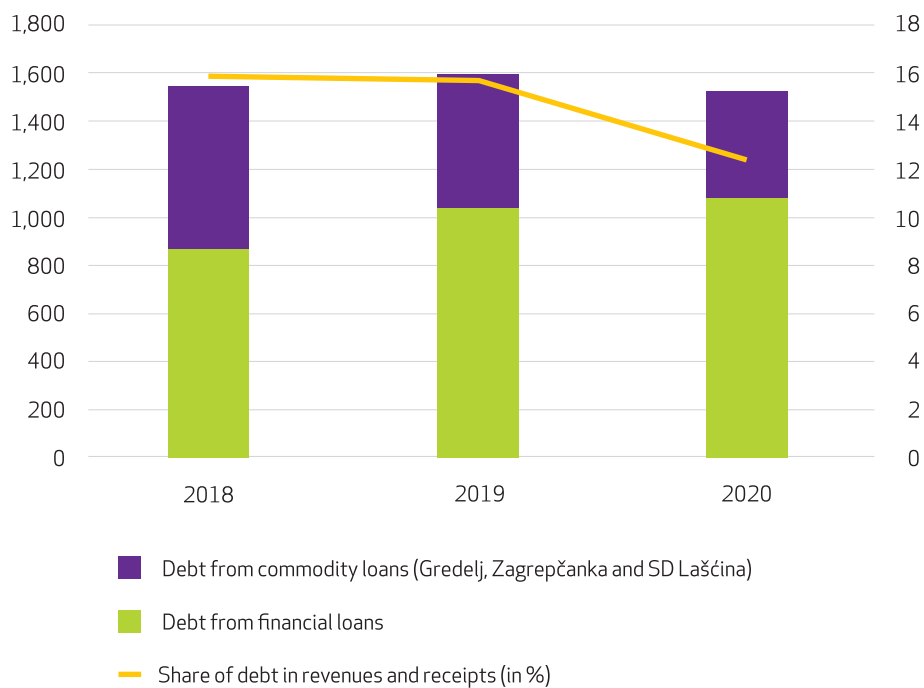
Table 2: Dynamics of deficit carried over from previous years, 2018–2020 (in HRK million)

## THE CITY BUDGET DEBT

Direct debt is the sum of all budget deficits incurred in the current and earlier periods, financed by borrowing.

The City of Zagreb's **direct debt** stood at **HRK 1.53bn at end-2020** (graph 6). The share of debt in budget revenues and receipts was about 12.5% in 2020, suggesting a relatively low level of indebtedness. In 2014, the City's debt rose by about HRK 900m, on account of a loan taken out by the City for the Laščina senior citizens home, and the purchase of the former Gredeļ Rolling Stock Factory and Zagrepčanka from Zagrebački holding. The ten-year loan for the purchase of these assets has been registered as "debt arising from commodity loans" as of 2014.





**Graph 6: The City of Zagreb's debt (in HRK million, left-hand scale) and the share of debt in budget revenues and receipts (in %, right-hand scale), 2018–20\***

\* Debt arising from commodity and financial loans represents only the City's debt, without the debt of budget users; the revenues and receipts include own and earmarked revenues and receipts of budget users.

Apart from the direct debt shown in graph 6, the City is potentially (through issued guarantees) exposed to **an indirect debt of HRK 2.78bn** (22.7% of total revenues and receipts in 2020). The bulk of that amount (HRK 2.3bn) relates to a guarantee for bonds issued by Zagrebački holding for the purpose of refinancing a 2007 debt. The bonds were issued in two tranches (HRK 1.8bn in mid-2016 and another HRK 500m in July 2017), and the City has obtained the Finance Minister's approval for that guarantee.

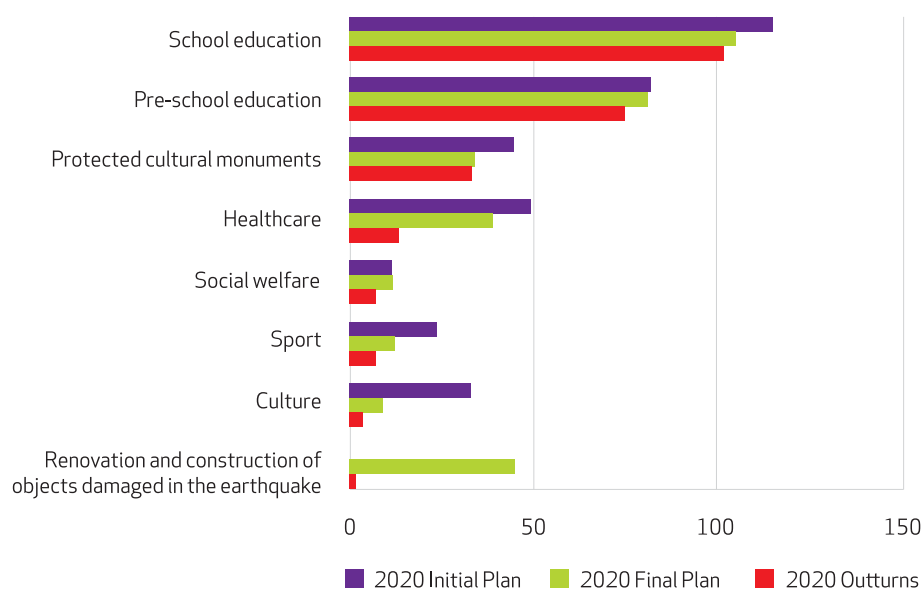
## DEVELOPMENT PROGRAMMES – MAJOR INVESTMENTS

The amount spent for the acquisition of fixed assets in 2020 totalled HRK 1.1bn, the bulk of which pertained to capital investments in social service facilities (HRK 246.3m) and the construction of utility infrastructure facilities and equipment (HRK 306.2m). Another HRK 115.2m was spent for the energy-efficient renovation of public use buildings within the ZagEE project.



In the Initial Budget Plan, the overall **capital investments in social service facilities** were set at HRK 361.8m; the total amount of realised works in 2020 amounted to HRK 246.3m, which is HRK 115.6m (or 31.9%) less than the planned amount (graph 7). In comparison to the Initial Budget Plan, we see a reduction of investments in virtually all budget lines; the largest reduction witnessed in healthcare (HRK 35.9m less realised than planned), culture (HRK 29.2m), sport (by HRK 16.5m) and education (HRK 13.6m), while the biggest increase has been made in investments in renovation and construction of objects damaged in the earthquake (HRK 2.3m more than planned), which had not been anticipated in the Initial Budget Plan.

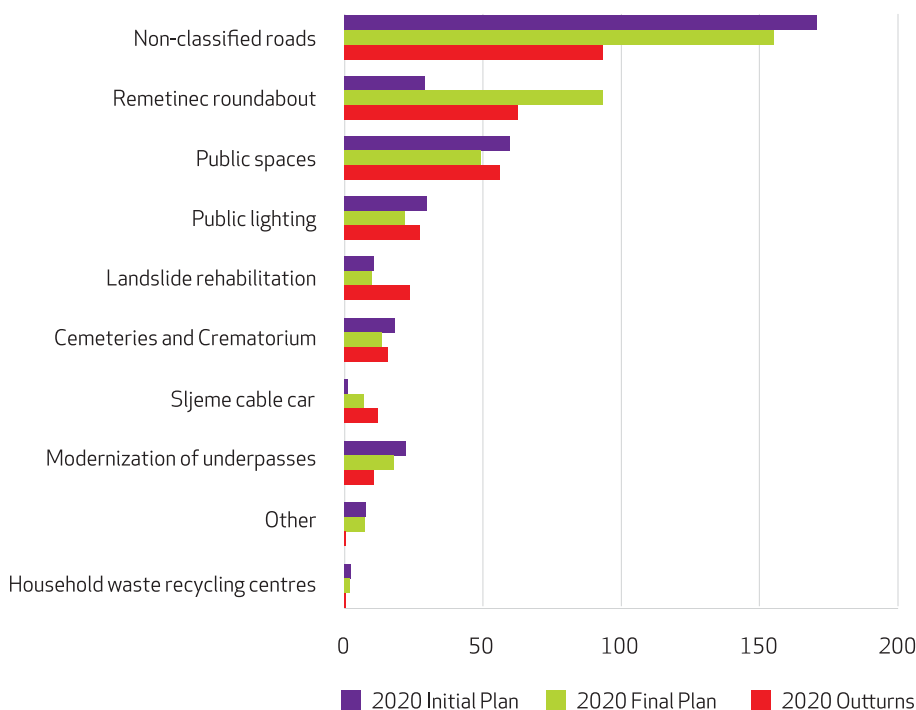
In the Final Budget Plan, the overall capital investments in social service facilities were set at HRK 340.2m; the amount of realised works in 2020 amounted to HRK 246.3m, which is 27.6% lower than the planned amount (graph 7). Compared with the final December 2020 plan, the biggest drop in investments is evident in renovation and construction of objects damaged in the earthquake (HRK 43.1m less than planned) and healthcare (HRK 25.5m less).



Graph 7: Capital investments in social service facilities, 2020 (in HRK million)

The initially planned works and outlays for the **construction of utility infrastructure facilities and equipment** were worth a total of HRK 353.4m; and 2020 saw HRK 306.2m of these works realised, i.e. 13.3% less than the Initial Budget Plan (graph 8). Compared with the Initial Budget Plan, the largest drop was reported for investments in non-classified roads (realised HRK 77m less than planned), while the following investments increased: Remetinec roundabout (by HRK 33.9m), landslide rehabilitation (by HRK 13.2m) and the cable car (by HRK 11.6m).

The Final Budget Plan predicted a total of HRK 380.6m of outlays for the construction of utility infrastructure facilities and equipment; 2020 saw HRK 306.2m of these works realised, i.e. HRK 74.4m or 19.5% less than the Final Budget Plan (graph 8). Compared with the Final Budget Plan, the biggest drop in investment was evident for unclassified roads (HRK 61.6m less than planned) and Remetinec roundabout (by HRK 30.3m), while investments in landslide rehabilitation increased by HRK 13.7m.



**Graph 8: Capital investments for the construction of utility infrastructure facilities and equipment, 2020 (in HRK million)**

Depending on the project, funds for the construction of utility infrastructure facilities and equipment were used for the preparation of technical documentation, funding different stages of construction, adaptation or reconstruction of unclassified roads, public areas, public lighting, etc.

Some of the more significant projects finished in 2020 include: construction of the Homeland Monument, installation of canopies over bus and tram stops, reconstruction of the Oktogon passage, renovation and reconstruction of the children’s playground in Klin (Trnovčica), installation of traffic lights at the Zvonimirova-Rusanova crossroads, first leg of the extension of Resnički put, extension of the bus lay-by on the southern lane of Koledinečka street, extension of Vrbje street up to the future Vrapčanska street and reconstruction of the Vrbje-Odakova crossroads, extension of a section of Jarunska street, construction of an arm of Mikulići street, construction of Street 4c in Borovje, reconstruction of the Soblinečka,

Prepuštovečka and Šašinovečka crossroads, construction of Gračanska street with a roundabout and car park near the bottom stop of the new cable car, solving the problem of rainwater drainage in Strmečki put, reconstruction of Nikole Pavića, Bedeki, Obreška and Ivica Drmića streets, construction of bus stops at Selska and Sljemenska cesta, reconstruction of roads and sewage systems at the Mirogoj and Miroševac cemeteries, construction of new burial grounds at the Urn Garden, etc.

## HOW YOU CAN PARTICIPATE IN THE BUDGET PROCESS

The City Assembly, as the citizens' representative body, at its session held on 15 July 2021, failed to adopt the 2020 Budget Execution Report. This Report will not be presented to the Assembly again and will hence remain non-adopted. The City is obliged to publish the non-adopted 2020 Budget Execution Report on its website and submit it to the Ministry of Finance and the State Audit Office.

So what happens now? The previous year was an extremely difficult year for the City in which the City collected HRK 10.84bn in revenues and had HRK 11.62bn of expenditures. Every employed person paid an average monthly amount of about HRK 966 in personal income tax and surtax into the budget, while the average monthly amount per citizen spent by the City equalled HRK 1,203. We hope that the citizens will use the information provided in this short guide as well as the [Guide to the City of Zagreb Budget](#) to make their own analysis of planned and realised amounts, make comments, get in touch with City Assembly members and thus contribute to more efficient collection and spending of the City's funds in the future, which would be more aligned with the citizen's wishes and the City's abilities.



## USEFUL WEBSITES

[City of Zagreb](#) – The official website of the City of Zagreb

[City of Zagreb – Finances](#) – City budget, City credit rating, forms

[City Office for Financing](#) – Contacts, competence and activities

[City offices, institutes and professional services](#) – Detailed data,  
contacts, competence  
and activities

[City Assembly](#) – Organisation, competence,  
working bodies and regulations

[City districts](#) – Basic information, territorial boundaries,  
bodies and powers

[Local committees](#) – Territorial boundaries, seats, bodies and powers

[Zagrebački holding](#) – Organisation, services, topical issues,  
contact information

[Official Journal of the City of Zagreb](#) – All City regulations

[Ministry of Finance – local budgets](#) – An archive of the budgets of all  
municipalities, cities and counties

[Budget Act](#) – Budget-related acts and regulations

[Institute of Public Finance](#) – Transparency of the budgets of counties,  
cities and municipalities

## **PREVIOUSLY PUBLISHED GUIDES**

[A Guide to the City of Zagreb Budget](#)

[A Brief Guide to the City of Zagreb 2014 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2015 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2015 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2015 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2015 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2016 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2016 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2016 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2016 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2017 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2017 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb First 2017 Budget Revision](#)

[A Brief Guide to a Proposal for the City of Zagreb Second 2017 Budget Revision](#)

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[A Brief Guide to the City of Zagreb 2018 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2018 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2018 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2018 Budget Execution](#)

[A Brief Guide to the City of Zagreb 2019 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2019 Enacted Budget](#)

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[A Brief Guide to the City of Zagreb 2020 Budget Proposal](#)

[A Brief Guide to the City of Zagreb 2020 Enacted Budget](#)

[A Brief Guide to a Proposal for the City of Zagreb 2020 Budget Revision](#)

[A Brief Guide to the City of Zagreb 2021 Budget Proposal](#)