

# ***AN ASSESSMENT OF THE FINANCING SYSTEM OF LOCAL COMMUNITIES IN ROMANIA***

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## ***Abstract:***

*The paper reflects the importance of the local budgets in the Romanian budget system and it shows the evolutions of the different types of revenues of local budgets in the period 1991-2005. It emphasizes the mechanisms of local budgets equalization during this period. An important part of the paper is dedicated to the differences between the structure and importance of local budgets order by development regions in order to reflect the different importance of the equalization grants for local budgets. It also suggests some improvements to be done in the mechanism of the equalization grants.*

***Keywords:*** local budget, budget system, equalization grants

***JEL codes::*** H71, H72, H77