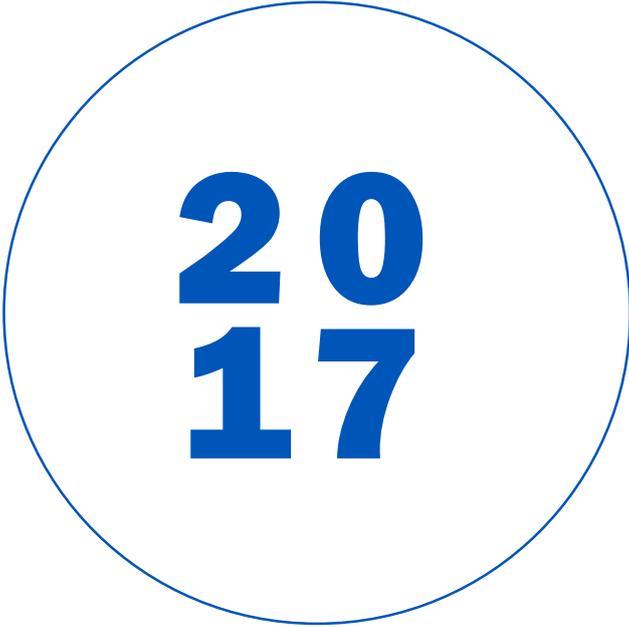

FINANCIAL REPORT



**20
17**

YEAR

2017

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FOREWORD

This 2017 administrative account demonstrates that we have been constantly and determinedly implementing, since the beginning of our term in office, an effective and efficient budgetary strategy based on four priorities: stabilizing direct taxes, controlling operational spending, moderating debt, developing quality public services through the financing of an ambitious investment plan.

Despite the steady decrease in State endowments and the increase in our contributions to different equalization funds, which led to the loss of more than 1.2 billion euros in resources since 2010 for Paris, our significant level of gross savings – €635 million, an increase of €54 million compared to 2016 – once again conveyed this year the quality of our municipal management. Consequently, the City's deleveraging ability remains stable at 9 years, respecting with no foreseeable difficulty the legal threshold henceforth set at 12 years.

« PARIS HAS DEDICATED MORE THAN 1.4 BILLION EUROS TO INVESTMENT IN FAVOR OF TERRITORIAL DEVELOPMENT AND PARISIAN PUBLIC SERVICES.»

This result was obtained by constantly searching for the most appropriate level of expenditure in terms of the administration's daily operations, based on a thorough analysis of its needs. Consequently, operational expenditure, excluding equalization, increased by only 0.7% compared to 2016. As for personnel expenditure it increased by 3.2% due to the specific effect of exogenous measures decided on by the Government (reevaluation of the index point, implementation of the PPCR reform), and the deployment of agents from the Police prefecture under the framework of the reform on Paris's status and temporary events, like, for example, events related to the numerous elections organized throughout the year.

In parallel, we have also benefited from dynamic operational revenue while maintaining, like the Mayor promised to do in 2014, rate stability for residence and property taxes. Consequently, the residence tax rate remained stable at 13.38% compared to more than 25.5% on average in cities with more than 100,000 inhabitants.

Paris dedicated more than 1.4 billion euros to investments in favor of territorial development and Parisian public services. Consequently, nearly half of the mandate's investment plan has been executed as of today. Thus, for example, 869 new spots were opened in day nurseries and drop-in childcare centers, while two schools (Torcy in the 18th and Monceau in the 8th) and a pool (Amiraux, 18th) were completed and/or renovated.

This year, Paris still remains less indebted than most large cities in France and remains on a perfectly tenable financial trajectory!

Emmanuel GRÉGOIRE

*Deputy Mayor of Paris in charge of all questions
related to the Budget, financing
and the transformation of public policies*

CONSOLIDATED FINANCIAL ANALYSIS OF THE CITY AND DEPARTMENT

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	2017 AA	Evolution 2017-2016
Direct contributions	3 103	3 207	3 456	3 293	3 533	3 559	3 640	2,3%
Including tax payment to the Greater Paris Metropole						527	527	0,0%
Including tax payment to the Region Ile-de-France							475	
Tax on removal of household waste	426	434	446	451	458	467	471	1,0%
Street sweeping	70	104	104	104	104	104	104	-0,1%
Parking fees	63	59	63	64	110	109	107	-2,0%
Electricity tax (City and Department)	72	69	74	70	68	69	71	3,9%
Property tax (DMTO+TADE)	1 078	1 177	918	1 089	1 016	1 274	1 441	13,1%
Other taxes	68	71	69	69	78	81	89	10,7%
TAXES	4 881	5 121	5 130	5 141	5 367	5 663	5 925	4,6%
APA compensation (CNSA)	13	12	12	10	7	18	17	-0,6%
RSA compensation (TIPP + FMDI)	261	266	260	259	259	259	259	-0,1%
Other compensations (including TSCA)	76	74	72	86	86	85	96	12,5%
COMPENSATIONS FOR DEVOLUTION OF RESPONSIBILITIES	350	351	344	355	353	362	372	2,8%
Overall operational grant (DGF)	1 290	1 259	1 227	1 134	930	283	124	-56,3%
Attribution de compensation versée par la Métropole du Grand Paris						453	453	0,0%
Compensation grants (DCTP, DCTH, DCTF)	60	54	48	44	47	43	45	5,9%
Other grants (DGD, DSI)	16	16	16	16	16	16	16	2,4%
STATE GRANTS	1 365	1 329	1 291	1 194	993	795	639	-19,7%
SUBSIDIES AND CONTRIBUTIONS ¹	201	214	213	238	288	265	318	19,9%
Fees paid by farmers and concessionaries	226	226	213	204	202	196	210	6,9%
Fees and usage revenue for public areas (including duties for café outside areas)	60	66	67	74	78	81	88	8,4%
Contributions from Parisian users	157	169	168	167	175	175	174	-0,9%
USAGE REVENUE	443	461	449	445	455	453	471	4,2%
ZAC SURPLUS	132			213	12	2	59	2745,2%
Revenue from rent (buildings)	184	171	189	197	170	479	400	-16,6%
Levies on beneficiaries	86	82	86	89	90	81	47	-42,2%
Works on behalf of third parties	35	36	45	61	42	11	8	-25,2%
ESA repayment	30	32	36	32	28	25	29	13,5%
Staff costs reimbursement	74	66	67	68	77	70	66	-5,1%
TOTAL OTHER ORDINARY OPERATIONAL REVENUE	410	387	422	447	406	666	549	-17,5%
ORDINARY OPERATIONAL REVENUE	7 782	7 865	7 849	8 033	7 873	8 206	8 334	1,6%
STAFF COSTS	2 059	2 109	2 111	2 209	2 227	2 252	2 324	3,2%
GENERAL COSTS	858	833	823	821	815	776	768	-1,1%
Welfare, including:	812	853	848	845	855	850	817	-3,9%
Child welfare	303	336	324	307	301	290	295	1,8%
Disabled benefits (PCH, ACTP)	54	61	65	70	72	79	77	-2,7%
Housing assistance for disabled persons	122	129	142	146	154	162	150	-7,4%
Personalised autonomy benefit (APA)	138	141	133	135	140	128	135	5,1%
Housing assistance for elderly	153	149	146	149	148	144	116	-19,7%
RSA, "contrats d'avenir"	359	366	381	399	411	416	404	-3,0%
including RSA benefits	297	301	318	337	355	362	354	-2,0%
Contribution to CASVP	315	323	314	313	312	344	353	2,6%
TOTAL WELFARE	1 486	1 541	1 543	1 558	1 578	1 611	1 574	-2,3%
City operational subsidy	204	207	273	273	279	279	269	-3,5%
Miscellaneous subsidies and contributions	223	249	254	253	273	259	258	-0,4%
SUBSIDIES AND CONTRIBUTIONS	428	454	527	526	551	538	527	-2,0%
Police force	280	287	290	292	285	284	287	1,2%
Contribution to STIF	353	360	367	374	378	382	385	0,8%
Contribution to SYCTOM	131	133	119	126	119	107	104	-3,1%
CONTRIBUTIONS	764	780	776	791	782	773	776	0,4%

¹ Subsidies and contributions : State, Department, Region, ESF, Social Security, recovery of overpayments, etc.

² Fees & income for use of public property : including duties for roads and terraces

³ Repayment of staff costs (repayment of the costs of staff made available, offsetting of charges and miscellaneous levies).

⁴ Need for Financing requirement (actual investment expenditure. Refunding of loan investment financing capacity).

OF ADMINISTRATIVE ACCOUNTS - 2011 TO 2017 in €M

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	2017 AA	Evolution 2017-2016
FSRIF	104	121	131	141	151	161	171	6,2%
DMTO equalisation fund	67	80	88	81	97	91	118	29,8%
Communal equalisation fund (FPIC)		22	67	116	157	184	174	-5,1%
CVAE equalisation fund			16	18	24	28	28	0,3%
Departments solidarity fund IDF FSDIF				27	27	28	28	2,3%
EQUALISATION EXPENDITURE	170	223	302	383	456	491	520	5,8%
FNGIR	884	892	898	898	898	898	898	0,0%
OTHER ORDINARY MANAGEMENT COSTS	155	170	167	171	172	178	201	12,9%
ORDINARY MANAGEMENT COSTS	6 804	7 002	7 146	7 358	7 479	7 517	7 588	0,9%
MANAGEMENT SAVINGS	978	863	703	676	394	689	746	8,2%
Financial revenue	24	21	19	31	25	27	22	-16,6%
Financial costs	91	100	112	128	124	133	134	1,1%
FINANCIAL BALANCE	-66	-79	-93	-97	-99	-106	-112	-
Extraordinary revenue	10	9	29	43	15	31	43	37,9%
Extraordinary costs	56	36	67	41	50	34	42	24,4%
EXTRAORDINARY BALANCE	-46	-27	-38	2	-34	-3	1	-
TOTAL ACTUAL OPERATIONAL REVENUE	7 816	7 895	7 897	8 107	7 914	8 264	8 399	1,6%
TOTAL ACTUAL OPERATIONAL EXPENDITURE	6 950	7 138	7 325	7 527	7 653	7 683	7 764	1,0%
GROSS SAVINGS	866	757	573	581	261	581	635	9,4%
Subsidies and grants received	282	266	352	352	356	279	299	7,0%
- of which investment subsidies received	116	49	156	143	102	127	133	4,2%
- of which police fines	35	37	32	33	35	37	33	-8,7%
- of which FCTVA	125	173	149	168	209	115	133	15,4%
Revenue from fixed asset sales	50	107	122	122	156	173	100	-42,0%
Operations on behalf of third parties	5	18	24	22	27	9	6	-30,5%
Repayment of loans	20	32	72	15	19	13	5	-65,5%
Other financial assets	120	134	66	168	57	43	8	-80,7%
Other actual investment revenue	17	21	34	6	7	21	48	130,1%
ACTUAL INVESTMENT REVENUE	495	577	671	686	621	538	466	-13,4%
Intangible assets	19	18	13	10	11	22	26	17,1%
Facilities subsidies	470	500	507	455	377	460	349	-24,1%
Acquisitions	201	210	206	213	244	401	320	-20,4%
of which Property	123	150	131	-	-	-	-	-
Works	808	865	949	800	626	619	570	-7,9%
Operations on behalf of third parties	16	24	23	20	4	15	20	33,7%
Loans approved	-	6	-	-	6	-	9	-
Other actual investment expenditure	36	39	41	31	129	111	113	2,0%
ACTUAL INVESTMENT EXPENDITURE	1 551	1 662	1 740	1 529	1 397	1 629	1 408	-13,6%
FINANCING CAPACITY FOR INVESTMENTS	1 360	1 334	1 243	1 266	882	1 118	1 101	-1,6%
REPAYMENT OF LOANS	184	200	200	197	200	200	197	-1,4%
FINANCING REQUIREMENTS ⁴	375	528	697	460	715	710	504	-29,1%
NEW LOANS	381	470	630	510	741	681	793	16,4%
Working capital on 1 January	285	288	230	163	213	233	202	-13,0%
Variation in working capital	6	-58	-67	50	20	-30	283	-
Working capital on 31 December	291	230	163	213	233	202	485	139,6%
Outstanding debt on 1 January	2 696	2 892	3 219	3 655	4 120	4 640	5 159	11,2%
Outstanding debt on 31 December	2 893	3 219	3 655	4 120	4 640	5 159	5 720	10,9%
VARIAION IN OUTSTANDING DEBT	197	327	436	466	520	518	561	8,3%
FINANCING CAPACITY IN %	87,7%	80,3%	71,4%	82,8%	63,1%	68,7%	78,2%	13,9%

I/ GENERAL PRESENTATION OF THE 2017 ADMINISTRATIVE ACCOUNTS (AA) BALANCE

1 / THE AA GENERAL BALANCE FOR 2017

In 2017, the external budgetary constraint decided on by the State and applied to the operational section was continued as a combined result of a strong decrease in State endowments (-€156 million) and a sensible increase in equalization expenditure (+€28 million) compared to 2016. The combination of these two phenomena henceforth represented a loss of resources of more than €1.2 billion compared to 2010, e.g. more than one sixth of the actual operational revenue for the Parisian local authority.

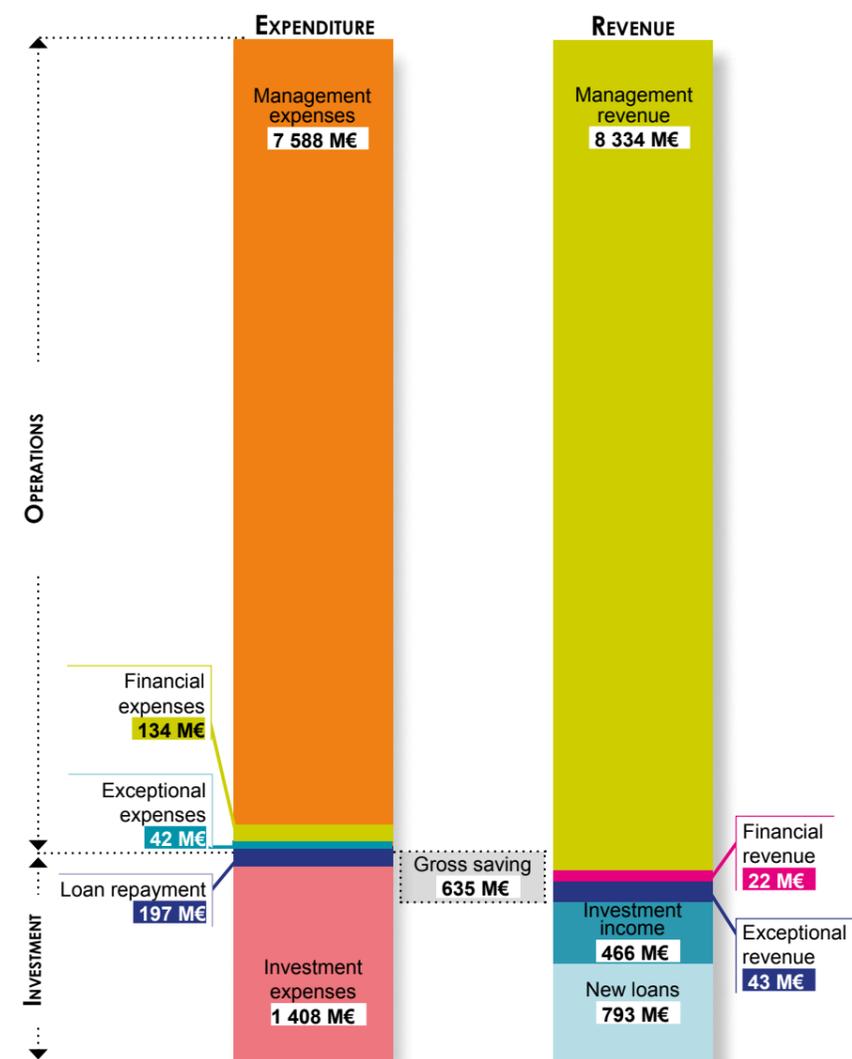
The control of operating expenditure (+0.7% excluding equalization) and the dynamism of other revenue made it possible to absorb this loss in resources, while still respecting the commitment to local direct fiscal stability for Parisians.

Consequently, the Parisian local authority consolidated its gross savings, which increased by 9% (+€54 million) compared to 2016, and improved the financing capacity of its investments, which was established at 78%, compared to 69% in 2016, despite the drop in investment revenue.

Investment expenditure reached €1,408 million in 2017. Two exceptional factors in 2016 explain for the €221-million decrease compared to the 2016 financial year: the Les Halles operation and the construction of the Bédier building, for a total of €194 million. Excluding these phenomena, investment expenditure was relatively stable compared to 2016, which was reflected in the continuation of the term of office investment program (programme d'investissement de la mandature: PIM).

The reimbursement of loans amounted to €197 million, a decrease of €3 million compared to 2016. New loans amounted to €793 million. The outstanding amounts for banking and bond debt on December 31, 2017 represented 68% of actual operating revenue, e.g. a ratio lower than the average for French cities with more than 100,000 inhabitants excluding Paris (87%). The capacity for debt reduction was established at 9 years, stable compared to 2016 (8.9 years).

CONSOLIDATED ADMINISTRATIVE ACCOUNT 2017



2 / INVESTMENT EXPENDITURE WAS COVERED BY UP TO 78% THANKS TO THE FINANCING CAPACITY OF THE PARISIAN LOCAL AUTHORITY IN 2017

2.1 INVESTMENT EXPENDITURE REACHED €1,408 MILLION EN 2017, IN ACCORDANCE WITH THE ROLL-OUT OF THE TERM OF OFFICE INVESTMENT PROGRAM.

The gross savings generated by the operational section (€635 million) and actual investment revenue (€466 million) covered 78% of the investment expenditure for the financial year.

Facility expenditure amounted to €916 million and represented 65% of actual investment expenditure. They included:

- €570 million in construction expenses;
- €320 million in acquisitions;
- €26 million in engineering fees

Among this facility expenditure, €262 million was dedicated to property acquisitions (including €180 million for social housing and €30 million for the rehousing of central services), €31 million for the extension of the T3 tramway and €26 million to the renovation of Les Halles.

Facility subsidies represented €349 million, including €177 million in favor of social housing. €73 million for construction expenses, including €47 million for the extension of metro line €14.42 million was paid to higher education, including €20 million for the restructuring of the Ecole supérieure de physique et de chimie industrielle (ESPCI).

Equipment expenditure amounted to €1,042 million, ie 64% of total investment expenditure.

Other investment expenditure, in the amount of €143 million, included :

- -€113 million in other expenditure, including €26 million for the repayment of VAT compensation fund advances, €30 million for the participation in the financing of joint development zones and €28 million for the acquisition of the Commodities Exchange ⁽²⁾;
- €20.5 million in third-party account transactions;
- €9.5 million for the repayment of loans granted under the framework of the Paris'Commerces contract.

CHANGE IN ACTUAL INVESTMENT EXPENDITURE EXCLUDING LOAN REPAYMENT FOR THE PARIS LOCAL AUTHORITY 2010-2017 IN € MILLION



REVENUE FROM INVESTMENTS REACHED €466 MILLION. The decrease of €72 million compared to the 2016 AA is mainly explained by the drop of €73 million in property sales, particularly as a result of the deferment of the sale of the Morland administrative building (€135 million) to 2018.

This included:

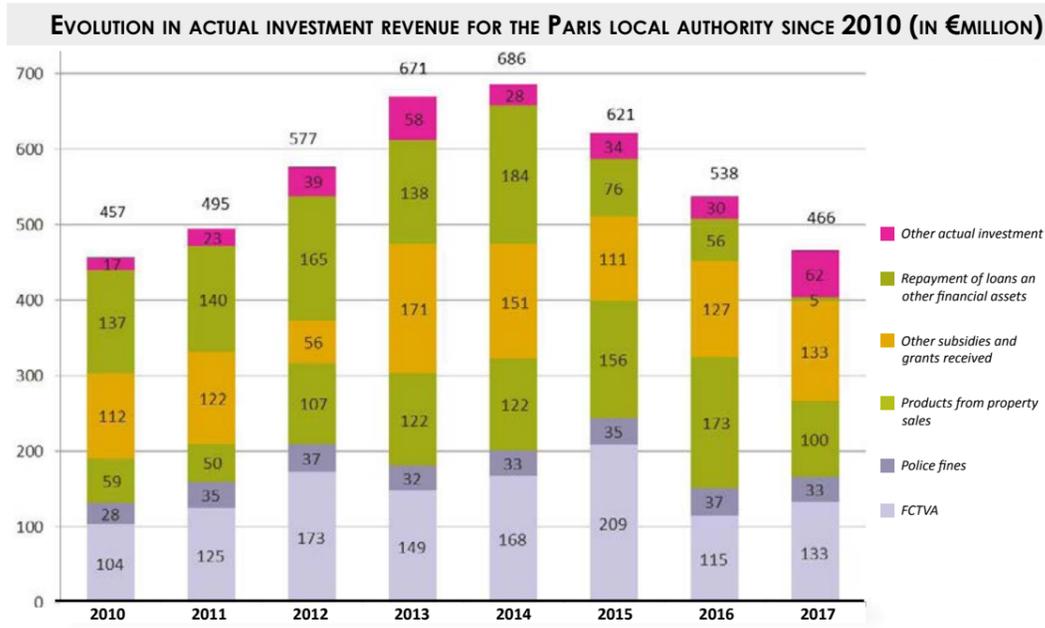
- subsidies and endowments received up to €299 million. This included €133 million for the VAT compensation fund, as well as €33 million for revenue from police fines. In addition, €77 million was paid by the State for building subsidies and €6 million to the departmental endowment for middle schools. The other facility subsidies collected by the municipality (€133 million), concerned joint development zones (in particular, Beaujon for €6.5 million and Clichy-Batignolles for €5.5 million), the "innovations" provision for energy savings (€4.8 million) and the extension of the T3 tramway (€3.7 million).
- -revenue from the sale of fixed assets, which reached €100 million, a decrease in €73 million compared to 2016. The principal transfers carried out in 2017 concerned the sale of 199 hectares in Achères (€24.8 million), the building located at 8-10 rue Léon Frot in the 11th arrondissement (€8.5 million), the building at 72 boulevard Saint-Marcel in the 5th arrondissement (€4.7 million) as well as the volumes located in Celle-Saint-Cloud (€2.7 million)
- -€13 million in loan and advance repayments, including €7.6 million for the repayment of the VAT collected by the Carreau du Temple between 2003 and 2015; €2.5 million repaid to Paris Habitat for the construction of the Binet sector in the 18th arrondissement and €1.9 million for the repayment of advances made for social housing;
- -€54 million in other actual investment revenue, including €31 million for the payment of the first installments resulting from transfers with installment plans, in particular regarding the Forum des Halles; the buildings at 118-120 rue Rambuteau in the 1st arrondissement (€10 million); the property at 5 rue Pierre Bérégovoy located in Clichy-la-Garenne in the Hauts-de-Seine department (€5 million), as well as the parcel at 82-90 boulevard Vincent Auriol in the 13th arrondissement (€3.2 million). Additionally, €6 million of revenue related to

⁽¹⁾ 2017 Report from the Local Finance and Public Management Monitoring Unit / Finances for Local Regional Authorities (DGFiP data on December 31, 2016/DGCL calculations).

⁽²⁾ The acquisition of the Commodities Exchange historical building, for a total amount of €86 million, falls under a much vaster operation that should generate €50 million in sales and €15 million in license fees. Consequently, the net cost of this operation for the City was brought down to €21 million. The amount of €28 million corresponds to the second payment installment related to the acquisition of the Commodities Exchange.

transactions conducted for third parties was collected

Added to the gross savings generated by the financial year (€635 million), this revenue made it possible to cover investment expenditure, excluding loan repayments, up to 78%.

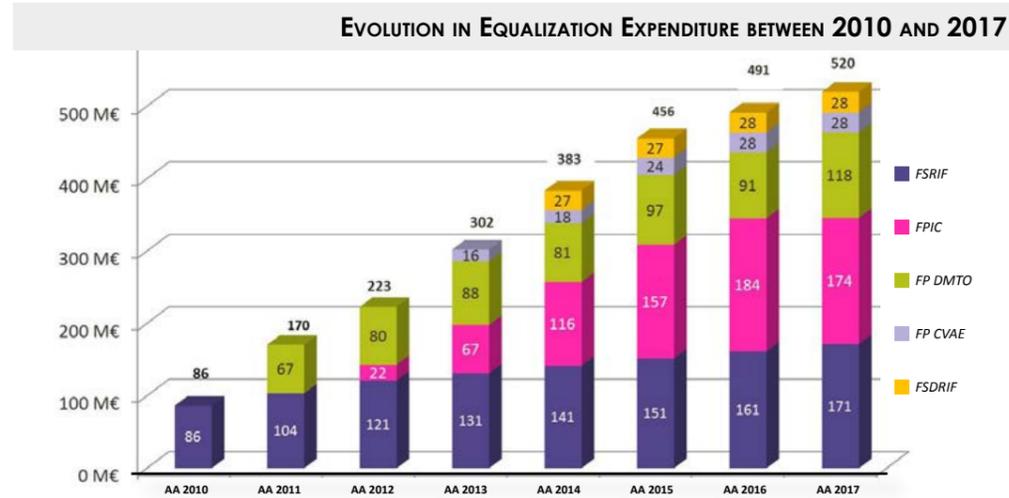


2.2 COMBINED WITH THE INCREASE OF OPERATING REVENUE (+1.6%), THE STRONG CONTROL OF OPERATING EXPENDITURE (+0.7% EXCLUDING EQUALIZATION EXPENDITURE) MADE IT POSSIBLE FOR AN INCREASE IN GROSS SAVINGS, WHICH AMOUNTED TO €635 MILLION.

► **2.2.1. IN 2017, THE PARISIAN LOCAL AUTHORITY CONTINUED ITS VOLUNTARY POLICY OF CONTROLLING OPERATING EXPENDITURE**

ACTUAL OPERATING EXPENDITURE, EXCLUDING EQUALIZATION, AMOUNTED TO €7,244 MILLION, AN INCREASE OF 0.7% COMPARED TO 2016. THIS INCREASES TO 1% WHEN THE EQUALIZATION EXPENDITURE IS INCLUDED, WHICH, BY INCREASING BY €28 MILLION, REPRESENTED MORE THAN A THIRD OF THE INCREASE IN OPERATING EXPENDITURE FOR THE LOCAL AUTHORITY BETWEEN 2016 AND 2017.

► **Equalization** includes the redistribution mechanisms that attempt to reduce the inequalities between the different territorial local authorities. For the Parisian local authority, equalization expenditure (excluding the National Fund for the Guarantee of Individual Resources) reached €520 million in 2017, e.g. an increase of 5.8% (€28 million) compared to the 2016 AA. Consequently, compared to the 2010 financial year, Paris's contribution to the national and Ile-de-France region's solidarity fund increased by €434 million. In 2017, total equalization for the municipalities and departments in France amounted to more than €2.5 billion. Consequently, the Parisian local authority financed more than 20% of this through its contribution to different funds.



• **The national equalization fund for intercommunal and municipal resources (Fonds national de péréquation des ressources intercommunales et communales: FPIC)** is a fund dedicated to municipalities and intercommunal cooperative public establishments (Etablissement public de coopération intercommunale: EPCI) with their own tax systems. Its amount has been set by law at €1 billion since 2016. The contribution from the City to the FPIC reached €174 million in 2017. With a contribution representing more than 17% of the fund, Paris

remains its primary contributor.

- The Parisian contribution to the **solidarity fund for municipalities in the Ile-de-France region (Fonds de solidarité des communes de la région Ile-de-France: FSRIF)** increased by 6.2% compared to the 2016 AA in order to amount to €171 million, e.g. a contribution representing 55% of the fund. Thanks to horizontal equalization measures specific to the Ile-de-France region, the FSRIF's objective is to ensure a redistribution of wealth between the municipalities of the region. Its amount is set each year by law (€310 million in 2017).
- Paris's contribution to **two equalization funds for the transfer of properties against payment (Fonds national de péréquation des droits de mutation à titre onéreux: DMTO)**, set up in 2011 (historical fund) and in 2014 (solidarity fund), increased by almost 30% compared to 2016, going from €91 million to €118 million. Consequently, the Parisian contribution represented 12% of the revenue from the transfer of properties against payment collected by the local authority in 2016, and 11% of the amounts collected nationally under the framework of these equalization measures.
- The Parisian local authority also participated in the **solidarity funds for the departments in the Ile-de-France region (Fonds de solidarité pour les départements de la région d'Ile-de-France: FSDRIF)** in the amount of €28 million in 2017, e.g. a 2.3% increase in contributions compared to 2016 and representing 47% of the fund's amount. The amount of the FSDRIF, meant to ensure an equalization of resources between the departments within the region, has been set by law at €60 million since 2014.
- Lastly, the contribution to the **equalization fund for the value-added contributions for businesses (Cotisation sur la valeur ajoutée des entreprises: CVAE)** amounted to €28 million, e.g. a stable amount compared to 2016. For its contribution, Paris ensured 31% of the fund's financing in 2017.

► **Personnel expenditure from the Parisian local authority's general budget amounted to €2,324 million in 2017 under the scope of financial analysis⁽¹⁾. This expense represented 30% of total actual expenditure for the operational section.**

Personnel expenditure increased by 3.2% compared to the 2016 AA (+€72 million). By neutralizing the temporary expenses from elections as well as the additional charge related to transferring unemployment expenses to the Unemployment Office, the increase was 2.9%.

Several factors impacted 2017 execution:

- **The increase in salary costs (€45 million)** resulting from Shift-Age-Technical Skills (Glissement vieillissement technicité: GVT) for €11 million due to the implementation of governmental measures, particularly, the revaluation of the index point (+0.6% on July 1, 2016, followed by +0.6% on February 1, 2017) for €16.4 million, as well as the implementation of the professional path, career and remuneration reform (réforme parcours professionnels, carrières et rémunérations: PPCR) for categories A, B and C for €17.2 million. This €45 million increase in salary costs is particularly due to an increase in employer contributions, for €21.8 million;
- **The development of services to Parisians is reflected through the opening of new facilities** (83 positions created for daycares, schools and libraries) and the strengthening of means dedicated to sanitation and the fight against antisocial behavior (garbage collectors and safety inspectors). Moreover, the unprecedented effort in 2017 to focus on career changes for its employees made it possible for more than 250 agents awaiting redeployment for medical reasons to be reoriented towards new professions in the service of Parisians and in accordance with their health, in addition to 43 agents from the police prefecture (indecent housing and noise and olfactory pollution units) transferred since July 1, 2017. In the end, all of these movements led to an increase in the average workforce in the amount of +225 full-time jobs compared to 2016.
- **Temporary effects (€10 million)** particularly related to implementing the transfer agreement for the management of unemployment benefits to the Unemployment Office, with payment in 2017, in effect as of January 1, 2015, of the New Index-Related Bonus (Nouvelle bonification indiciaire: NBI) in favor of agents exercising their activity within hotspots in the City's priority neighborhoods, as well as the organization of the presidential election and the legislative elections (€5.8 million, e.g. a €4.2-million increase compared to expenditure from the 2016 financial year related to the organization of regional elections at the end of 2015).

► **Social expenditure, excluding general charges, reached €1,574 million, a 2.3% decrease (€37 million) compared to 2016.**

This development was explained, in particular, by the implementation on January 1, 2017 of the net billing reform in the sector of housing for the elderly and disabled persons. According to this new invoicing method, beneficiaries receiving social assistance directly pay the portion for which they are responsible to their housing establishments, the Department then only paying the net remainder of these participations. Consequently, this reform had a simultaneous impact on revenue – the Department stopped collecting money from residents for their housing – and on expenditure – the Department stopped transferring this money from residents to the establishments. This impact was distributed between housing for the elderly as well as for disabled persons. In the end, balanced in terms of expenditure and revenue, this reform was implemented gradually due to the difficulties that some establishments face. The impact of this reform in the 2017 AA was estimated at -€34 million in terms of revenue and -€46 million in expenditure.

► **Social expenditure included:**

- **Allocation expenditure for welfare benefits (Revenu de solidarité active: RSA) amounted to €354 million.** This decreased by €7 million (2%) compared to 2016 due to the drop in the number of beneficiaries, for which the average went from 65,000 in 2016 to approximately 61,500 in 2017, due to the improvement in the economic situation.
- **Child welfare expenditure** reached €295 million, e.g. a 1.8%-increase (€5 million) compared to 2016. This change resulted from services for young migrants under the assessment framework for foreign and isolated minors (Dispositif d'évaluation des mineurs isolés étrangers: DEMIE) and emergency shelter measures (Dispositif de Mise à l'Abri en Urgence: DMAU). In parallel, the number of young migrants assessed as unaccompanied minors (Mineurs non accompagnés: MNA) and taken into care by the Department remained essentially the same as in 2016. Indeed, the law from March 14, 2016 related to child protection⁽²⁾, organized a national redistribution of these minors.
- **Expenditure for the elderly** reached €251 million.

⁽¹⁾ The amount of €2,324 million was given under the scope of financial analysis, in other words, by neutralizing the cross-flows of capital between the City and the Department. These flows of capital are reproduced in the introductory remarks in the second half of this report.

⁽²⁾ Law #2015-1776 from December 28, 2015 related to adapting society to aging populations.

The expenditure for personalized autonomy allocations (Allocation personnalisée d'autonomie: APA) amounted to €135 million, an increase of 5% (€7 million) compared to the 2016 AA, for both the APA in establishments as well as for the APA at home. These changes were particularly reflected through the implementation of the right to respite for close family and caregivers of the dependent elderly as well as prevention measures under the framework of the Conference of Financers. The increase in expenditure between 2016 and 2017 also resulted from a change in the method for managing welfare within the National Retirement Office (Caisse nationale d'assurance vieillesse: CNAV), which had generated a temporary decrease of €12 million in expenditure in 2016.

Social welfare for the housing of the elderly amounted to €116 million, a decrease of €28 million, due to the net billing reform, which caused a reduction in housing fees from elderly welfare recipients getting routed through the Department's budget (see above). Since the effects of this reform were estimated at €30 million with regards to housing for the elderly, this expenditure would have increased by €2 million without the impact from the net billing reform.

- **Welfare for disabled persons** amounted to €227 million, compared to €241 million in 2016 (-2.7%). This decrease was achieved thanks to the effects of the implementation of the net billing reform (-€15.5 million) and due to a delay in the transmission of invoices by the structures (-€5.5 million). It offsets the opening of 126 new spots in specialized structures in Paris in 2017 (+€9 million). Furthermore, allocation expenditure decreased by 2.7% (€2.1 million). If the increase in disability compensation expenditure (Prestation de compensation du handicap: PCH, +€0.8 million) went hand in hand with the number of beneficiaries (4,440 beneficiaries in 2017 compared to 4,230 in 2016), third-party compensatory allocations (Allocation compensatrice pour tierce personne: ACTP) decreased by €2.9 million compared to the previous financial year. Indeed, only ACTP beneficiaries from before 2006 could keep this benefit, due to it being replaced by the PCH ever since this time.
- **The contribution to the City of Paris's social action center (Centre d'action sociale de la Ville de Paris: CASVP)**, which reached €353 million in the 2017 AA, increased by €9 million (2.6%), due to the full-year application of the New Paris Collective Action reform (Nouveau Paris Solidaire: NPS). The NPS reform consisted in regrouping all of the polyvalent social services from the Department (Service social du Département de Paris: SSDP) within the CASVP. In the 2016 AA, this regrouping was reflected through an increase of €39 million in the City's contribution to the CASVP, corresponding to the transferred payroll and general charges. Once this effect was neutralized, the contribution to the CASVP displayed an increase of €1.9 million, which was primarily explained through the reduction of its own revenue.

IN 2017, THE STATE ONLY COVERED HALF OF ALL SOLIDARITY BENEFIT EXPENDITURE

The remaining balance for individual solidarity benefits (RSA, APA and PCH) corresponded to the allocation expenditure not covered by State-paid compensations. In 2017, this amounted to €267 million for the Parisian local authority, e.g. 48% of the expenditure for individual solidarity benefits.

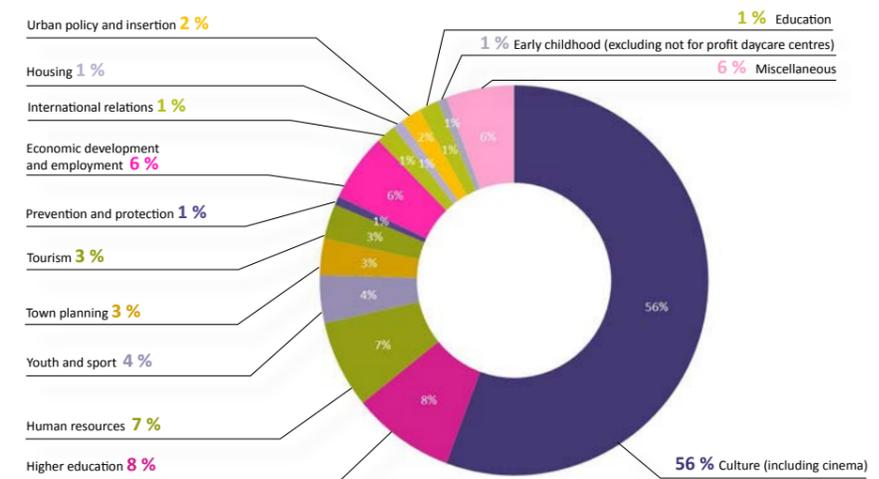
Considering the stagnancy of State-paid compensations and the increase in certain benefits, this amount increased by 4% (€11 million) compared to 2016. Consequently, the remaining balance due from the Department increased by €15 million for the APA and €2 million for the PCH. The decrease in the outstanding balance for the RSA (-€7 million) did not result from better coverage by the State, but from the reduction in expenditure due to the improvement of the economic situation.

- ▶ **General charges from the Parisian local authority** decreased by 1% (€8 million) compared to the 2016 AA, despite an increase in the amount for creating more spots in daycare (+€4 million) and the increase in expenditure for fluids (+€8 million). Between 2011 and 2017, general charges decreased by €90 million, going from €858 million in the 2011 AA to €768 million in the 2017 AA, reflecting the control measures in place for maintenance and operational charges. For example, streamlining administrative establishments made it possible to reduce expenditure from the rental account by €1.5 million compared to 2014.
- ▶ **Miscellaneous contributions from the Parisian local authority** amounted to €776 million in the 2017 AA, an increase of €3 million compared to 2016. This increase was mainly due to the following changes:
 - The **contribution to Ile-de-France Mobilités** (IDFM, a new commercial identity for the STIF), amounted to €285 million, an increase of €3 million compared to 2016, corresponding to the annual revaluation of the contribution in terms of inflation;
 - The **contribution to the police prefecture**, which covered, in particular, payroll expenditure, amounted to €287 million in the 2017 AA, an increase of 1% compared to 2016 (+€3.5 million). This increase resulted from the recruitment of 50 additional firefighters in January 2017 and the external effects regarding payroll (increase of the index point, RIFSEEP and PPCR reforms). It also took into account the first wave of professional transfers occurring under the framework of the law related to the Paris Status reform⁽⁵⁾;
 - The **contribution to the intercommunal federation for waste management (syndicat intercommunal de traitement des ordures ménagères: SYCTOM)** decreased by €3 million, amounting to €104 million, which resulted from a decrease in tonnage, the implementation of a savings plan and the readjustment of the contribution in terms of effective expenditure, in accordance with the recommendations from the Regional Chamber of Accounts.
- ▶ The total amount of operating subsidies and participations, excluding social subsidies, was €527 million, a reduction of 2% (€11 million) compared to 2016. This decrease was mainly explained by the €4-million reduction in the subsidy paid to the Parisian Landlord Surveillance Association (Groupement inter-bailleurs parisien de surveillance: GPIS) – this amount being henceforth covered by the different members of the association, including Paris Habitat and the Real Estate Authority for the City of Paris (Régie immobilière de la Ville de Paris: RIVP) – and by the €3-million decrease in the subsidy paid to the Théâtre du Châtelet closed for renovations.

⁽⁵⁾ Law #2017-257 from February 28, 2017 related to the status of Paris and metropolitan organization.

The operating subsidies, excluding the financing of education offices and community daycares, represented €292 million and was distributed in the following manner:

SUBSIDIES GRANTED IN 2017 EXCLUDING FINANCING OF PRIMARY SCHOOLS, MIDDLE-SCHOOLS AND ASSOCIATION-RUN DAY-CARE CENTRES



LIVING TOGETHER AND RESILIENCE IN THE PARIS REGION

Keeping with the actions conducted in 2015 following the terrorist attacks from January 11th and November 13th, and in accordance with the wishes of the executive adopted by the Council of Paris on February 15-17, 2016 related to post-terrorist attack measures, the 2017 AA integrated €3.7 million of operating appropriations and €18.3 million of public assistance, which contributed to strengthening the cohesion of Parisian society and ensuring better protection for Parisians.

€3.7 million financed terrorist attack prevention measures (securing cultural facilities and the prevention of radicalization). These appropriations also contributed, as it did in 2016, to the implementation of the "Paris Safety" plan and, in particular, to the "Saturday Safety" event, which took place on January 28, 2017, making it possible for nearly 4,000 Parisians to be trained in first-aid maneuvers.

In investments, public assistance in the amount of €18.3 million made it possible to strengthen the plan for securing facilities (€10.5 million) and public buildings (€2 million) as well as continue the deployment of alarms and door locking systems in elementary and middle schools (€5.8 million). To this end, €4.5 million was mobilized for the deployment of alarms and door locking systems for elementary and middle schools as well as €1 million for safety renovations for cultural facilities.

- ▶ **Exceptional charges** amounted to €42 million, an increase of €8 million compared to the 2016 AA. In particular, they included the €10-million mandate related to the implementation of the transactional protocol between the City of Paris and the Department of Culture related to the former national museum of folkloric arts and traditions (balanced operation in terms of expenditure and revenue).
- ▶ Lastly, the **financial charges** reached €134 million, compared to €133 million in 2016, e.g. an increase of 0.7%.

CHANGE IN CURRENT OPERATING EXPENDITURE OF THE PARIS LOCAL AUTHORITY SINCE 2010 (IN €MILLION)



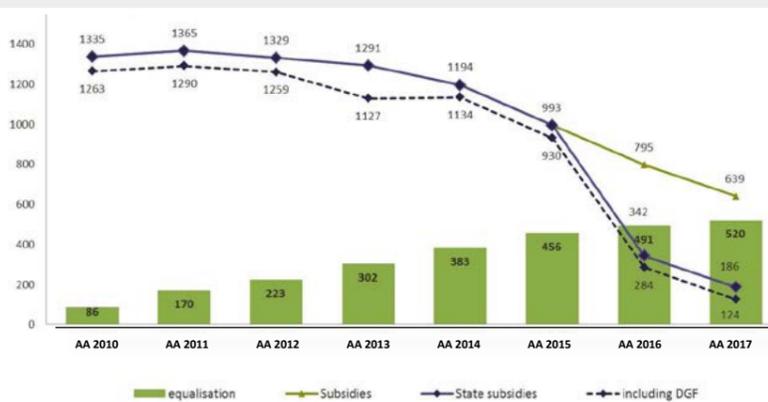
* Ordinary operating expenditure (€7,765 million) + exceptional charges (€42 million) + financial charges (€134 million).

► 2.2.2. ACTUAL OPERATING REVENUE EXPERIENCED A SLIGHT INCREASE, THE INCREASE IN DMTOs COMPENSATING FOR THE DECREASE IN STATE ENDOWMENTS

ACTUAL OPERATING REVENUE INCREASED TO €8,399 MILLION, AN INCREASE OF 1.6% (€135 MILLION) COMPARED TO THE 2016 AA.

- **State endowments** continued their decline and amounted to €186 million in 2017 compared to €342 million in 2016 (-€156 million). This reduction was in keeping with the decreases recorded from previous years in the contribution from local authorities to the recovery of public finances. Therefore, the global operational endowment (dotation globale de fonctionnement: DGF) decreased by €160 million (€124 million compared to €284 million in 2016), and compensation endowments by €5 million. However, the local authority collected €8 million under the framework of the VAT compensation fund for road and public building maintenance expenses, implemented for the first time in 2017. As a reminder, since 2016, the Greater Paris Metropolis (Métropole du Grand Paris: MGP) has collected, instead of the City, the "Salary share compensation" from the DGF. The MGP transfers a compensation award to the city, representing the difference between the transferred resources and charges. If the endowments on a comparable basis amounted to €639 million in 2017, the share actually paid by the State was only €186 million. The reduction in State endowments and the increase in equalization expenditure thus represented a loss in resources of more than €1.2 billion compared to their level in 2010

SCISSOR EFFECT OF SUBSIDIES AND EQUALISATION EXPENDITURE FROM 2010 TO 2017



- **Direct contributions** amounted to €3,640 million on a comparable basis, e.g. an increase of 2.3% (€80 million) compared to the 2016 AA. Within this amount, €2,638 million came from direct contributions, strictly speaking, and €1,002 million corresponded to compensation awards paid to the local authority by the Greater Paris Metropolis (Métropole du Grand Paris: MGP) and the Ile-de-France region. Indeed, since January 1, 2016, the MGP has received a portion of economic taxes instead of the member municipalities, in relation to the

professional transfers that need to be carried out between now and 2020. The fiscal resources transferred by Paris to this end included the municipal share of the CVAE and the flat-rate tax on network companies (imposition forfaitaire sur les entreprises de réseau: IFER), as well as revenue from the additional share on property taxes for developed properties (taxe additionnelle à la taxe foncière sur les propriétés bâties: TATFPB) and the tax on commercial surfaces (taxe sur les surfaces commerciales: TASCOM).

In addition, since January 1, 2017, the Ile-de-France region has collected half of Paris's departmental share of the CVAE (e.g. 25% of total revenue).

In return for these transfers, the MGP and the Ile-de-France region paid the Parisian local authority fixed compensation awards, in the amounts of €527 million and €475 million, respectively. From now on, the Parisian local authority will be deprived of 2/3 of the CVAE, e.g. a loss in CVAE resources of €42 million in 2017 (€22 million for the municipal share transferred to the MGP, and €20 million for the departmental share transferred to the Ile-de-France region).

CHANGE IN LOCAL TAX INCOME (IN €MILLION)

	CA 2015	CA 2016	CA 2017	Change 2017/2016
Residential tax Including a surcharge on second homes	759,1 20,9	760,2 21,2	806,0 63,8	6,0 % 200,3 %
Property tax on developed or undeveloped properties	988,9	1 000,5	1 013,0	1,3 %
Corporate property tax	311,7	317,4	325,1	2,4%
Complementary share (excluding the waste disposal tax)	5,3	6,1	1,6	-73,5%
Supplementary share (excluding the waste disposal tax)	19,6	23,3	24,4	4,8%
Flat-rate tax on network companies	11,6	2,6	2,8	6,1%
Tax on commercial surfaces	14,6	-	-	
Corporate VAT tax	1 422,1	922,1	465,2	-49,6%
DIRECT CONTRIBUTIONS	3 532,9	3 032,2	2 638,0	-13,0%
Compensation award paid by the MGP	-	527,1	527,1	
Compensation award paid by the Ile-de-France region	-	-	475,3	
DIRECT CONTRIBUTIONS ON A COMPARABLE BASIS	3 532,9	3 559,3	3 640,5	2,3%

Taxes on property rental values (residential taxes, property taxes and corporate property taxes) simultaneously benefited from a flat-rate increase set by the finance law ⁽⁶⁾ at +0.4% in 2017, and a spontaneous boost due to constructions, extensions and physical modifications of premises as well as an end to exemptions.

The €12.5 million increase from the **property tax** for the City and the Department originated from the nominal 0.4% increase (in the amount of €4 million) and the physical variation of the bases (in the amount of €8.5 million).

The increase in **residential tax** revenue (+€46 million, e.g. 6%) was explained by the upward adjustment of the surcharge for taxes applicable on second homes, which increased from 20% in 2016 to 60% in 2017. Thus, the revenue from this surcharge increased by €42.6 million between 2016 and 2017. On the other hand, the bases taxed under the residential tax were stable compared to 2016.

The **corporate property tax** (cotisation foncière des entreprises: CFE) was the most dynamic of the taxes on developed property, particularly due to the necessary reliability-improving renovations carried out on professional premises in order to implement the rental value revisions for these premises as of 2017. This increased by €8 million (2.4%) compared to the 2016 AA.

Supplementary and additional tax shares were amassed by regularizations carried out by the fiscal service on local taxes, for the ongoing fiscal year or previous ones, with occasional adjustments over a several-year period.

As the table below indicates, in 2017 Paris kept local tax rates much lower than those applied by other cities and metropolises with more than 100,000 inhabitants.

TOTAL RATES FOR LOCAL TAXES VOTED ON BY THE MUNICIPALITY, ITS INTERCOMMUNAL ASSOCIATION AND THE DEPARTMENT	RATES APPLICABLE IN PARIS IN 2017	2017 AVERAGE RATES FOR METROPOLISES WITH MORE THAN 100,000 INHABITANTS EXCLUDING PARIS*	2017 AVERAGE RATES FOR CITIES > 100,000 INHABITANTS*
Residential tax	13.38%	32.01%	25.59%
Property tax on developed property	13.50%	44.06%	35.50%
Property tax on undeveloped property	16.67%	42.56%	34.77%
Corporate property tax	16.52%	30.04%	27.54%
Waste disposal tax	6.21%	9.25%**	475,3

* Source: SFL-FORUM research panel - "2017 taxation rates for large local public authorities."
** Source DGCL - "Local Public Authorities in a Few Figures," chapter 5, "Local taxation" (updated on February 21, 2018).

⁽⁶⁾ Law #2016-1917 from December 29, 2016 for 2017 finances (article 99 supplementing article 1518 bis from the General Tax Code).

The revenue from the **street sweeping tax** and the **waste disposal tax (taxe d'enlèvement des ordures ménagères: TEOM)** amounted to €576 million compared to €571 million in 2016. This +0.7% increase (€5 million) resulted from the spontaneous increase of the TEOM.

► **Indirect tax revenue amounted to €1,708 million** compared to €1,532 million in 2016, e.g. an increase of 11%, due to the increase in revenue from property taxes.

- Indeed, revenue from **property taxes** reached €1,441 million, compared to €1,274 million in 2016, e.g. an increase of 13% (€167 million), related to the increase in the number of transactions, which went from 46,537 in 2016 to 49,841 in 2017 (+7.5%) and the increase in the average price per square meter in the capital (€9,040/m² on average in the last quarter of 2017, e.g. +8.6% in one year).
- The **revenue collected for parking**, which corresponded to the last fiscal year before the implementation of the parking municipalization reform, amounted to €107 million in 2017, a €2-million decrease compared to 2016.
- The revenue from the **local tax on electricity consumption** amounted to €71 million, an increase of €3 million compared to 2016.
- **Other taxes and contributions** reached €89 million and increased by 10.7%, principally due to the €9-million increase in the tourism tax, which increased from €69 million in 2016 to €78 million in 2017, following a rise in tourism. According to the Paris tourism office, hotel reservations in Paris increased by 9.9% compared to 2016, with 6.7 million French visitors and 9.1 foreign visitors.

► Revenue collected for the **compensation of professional transfers** increased by 2.8% (€10 million), reaching €372 million in 2017, due to the dynamism of the revenue from the special tax on insurance agreements (taxe special sur les conventions d'assurance: TSCA), collected as compensation for professional transfers enacted by the law related to local freedoms and responsibilities.⁽⁷⁾

► **The revenue from user contributions** amounted to €174 million in 2017 compared to €175 million from the previous fiscal year. In 2016, the closing of the DFPE administration, prior to the establishment of Facil'familles services, had caused a one-time increase in the collection of user contributions related to childcare and daycare centers (recuperated in arrears). If new availabilities in childcare and daycare centers contributed to increasing participation from users in 2017, their overall amount remained stable compared to 2016 due to the one-time increase observed during this year.

► **Usage fees and revenue from property** reached €298 million, an increase of €20 million compared to the 2016 financial year, due to a €14-million increase in usage fees paid by concessionaries.

This increase was mainly explained by a €4-million increase in usage fees paid by parking lot concessionaries, corresponding to the repayment of property taxes (from now on, with balanced expenditure, the City of Paris must pay these taxes and then collect their repayment), and by a €3-million increase in usage fees paid by energy concessionaries. In addition, revenue from concessions increased by €4 million due to the increase in Telecom usage fees related to an adjustment effect, some operators only having communicated the scope of their 2015 and 2016 stock belatedly, slowing down the call for usage fees. Lastly, the usage fees for stadiums increased by €3 million, particularly due to the adjustment of usage fee balances from the 2015-2016 and 2016-2017 fiscal years for Accor Hotels Arena. In addition, taxes on public roads and utilization revenue from property increased by 8.4% (€7 million).

► **Subsidies and participations** reached €318 million, an increase of 20% (€53 million) compared to the 2016 AA. This evolution was mainly related to participations from the family benefits office (caisse d'allocations familiales: CAF), which amounted to €222 million, e.g. €39 million more than in the 2016 AA. More than 80% of participations paid by the CAF were related to the reception policy for childcare centers. Their increase resulted:

- From the growth in the number of childcare centers, which made the CAF's participation increase in two different areas (one-time service benefits and childhood service benefits);
- From the 3% annual increase in one-time service benefits in 2017;
- From the 2017 collection of one-time service benefit balances for the 2014, 2015 and 2016 fiscal years;
- From an adjustment in revenue orders regarding the 2013 to 2016 fiscal years, under the framework of the certification of accounts of the Parisian local authority, in the amount of €11 million.

Excluding revenue from the CAF, subsidies and participations increased by €14 million, mainly due to shifts in 2016 revenue orders for the Fund for the Integration of Disabled Persons in Public Services (Fonds pour l'Insertion des Personnes Handicapées dans la Fonction Publique: FIPHP) during the 2017 fiscal year, resulting in an apparent revenue increase of €6 million compared to 2016. This increase was also explained by the collection of new revenue in 2017, including €4 million related to the reimbursement of unused universal employment services checks (chèques emploi service universel: CESU) in 2016 to the APA, €2.2 million paid by the European economic and regional development fund (fonds européen de développement économique et régional: F.E.D.E.R.) under the framework of the CORDEES project, which is supposed to roll out an intelligent energy network in preparation for the development of the Clichy-Batignolles eco-district and €2.6 million paid by the Interministerial delinquency prevention fund (Fonds Interministériel de Prévention de la Délinquance: FIPD) in order to roll out the second video-protection plan.

► The revenue collected by virtue of the **Joint Development Zone surplus** reached €59 million in 2017, e.g. an increase of €57 million compared to 2016. The amount of this revenue, dependent on the development projects' completion schedule, is very variable from one fiscal year to another.

► **Rental revenue** reached €400 million, a decrease of 17% (€80 million) compared to 2016, in accordance with the programming of social housing established with social landlords.

In 2017, the public service contract made it possible to integrate 2,612 accommodations into the social housing stock, which were originally part of the private landlord stock, including 2,025 accommodations for Paris Habitat and 572 for Elogie-Siemp. These transactions made it possible for social landlords to concentrate their activity on their primary mission of supporting social housing. They contributed in helping social housing reach the legal threshold of 25% set by the law "Urban solidarity and renewal".

In accordance with the provisions from decree #2015-1546 from November 27, 2015, the City received a letter on October 4, 2016 with the joint authorization from the ministers of the budget and territorial local authorities to use, under the operational section, the surplus from the 2017 investment section (€273 million) originating from this public service contract policy.

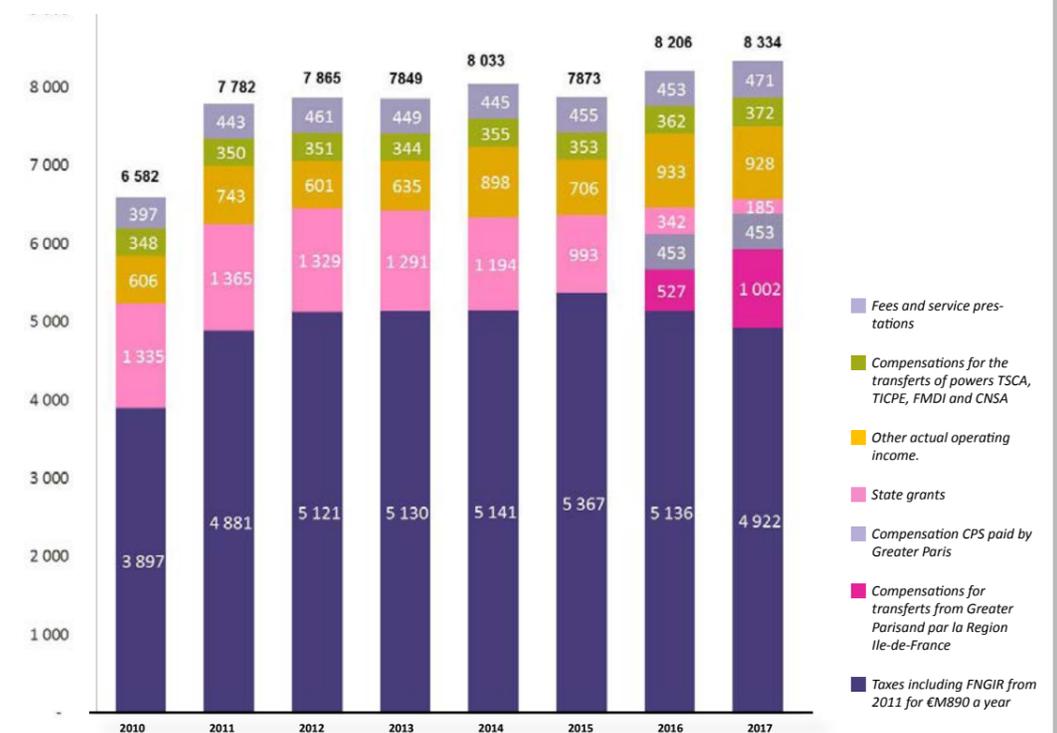
In parallel, regular revenue from rent collected from landlords amounted to €87 million in 2017, a stable amount compared to 2016.

► **The other ongoing operating** revenue amounted to €150 million, a decrease of €37 million compared to 2016. This decrease was mainly explained by the net billing reform presented above, which caused a decrease of €34 million in collections from social welfare beneficiaries admitted to housing establishments for elderly and disabled people. Moreover, the shift in revenue from third-party accounts towards investing continued, causing a decrease in expenditure and revenue for this type of operation (-€3 million compared to 2016).

► **Exceptional revenue**, in the amount of €43 million, was €12-million higher than in the 2016 AA. This amount was explained by miscellaneous and exceptional revenue orders, including €10 million related to implementing the transactional protocol between the City of Paris and the Department of Culture regarding the former national museum of folkloric arts and traditions (transaction balanced in terms of expenditure and revenue), €7 million from regularizing VAT appropriations, €6 million in usage fees from SOMUPI for the Vélolib' contract, €5 million in public service contract cancellations, €2.9 million in energy-saving certificate orders, €1.6 million in revenue related to real estate transactions (interest, repayments) corresponding to regularizations on previous fiscal years and €1.6 million allocated by the DAJ for legal compensation in favor of the City.

► Lastly, **financial revenue** decreased by 17% in order to reach €22 million in 2017. The local public authority collected fewer dividends than from the previous fiscal year, during which an adjustment in revenue orders regarding previous fiscal years was carried out. On the other hand, the revenue orders planned for 2017 were pushed back to 2018.

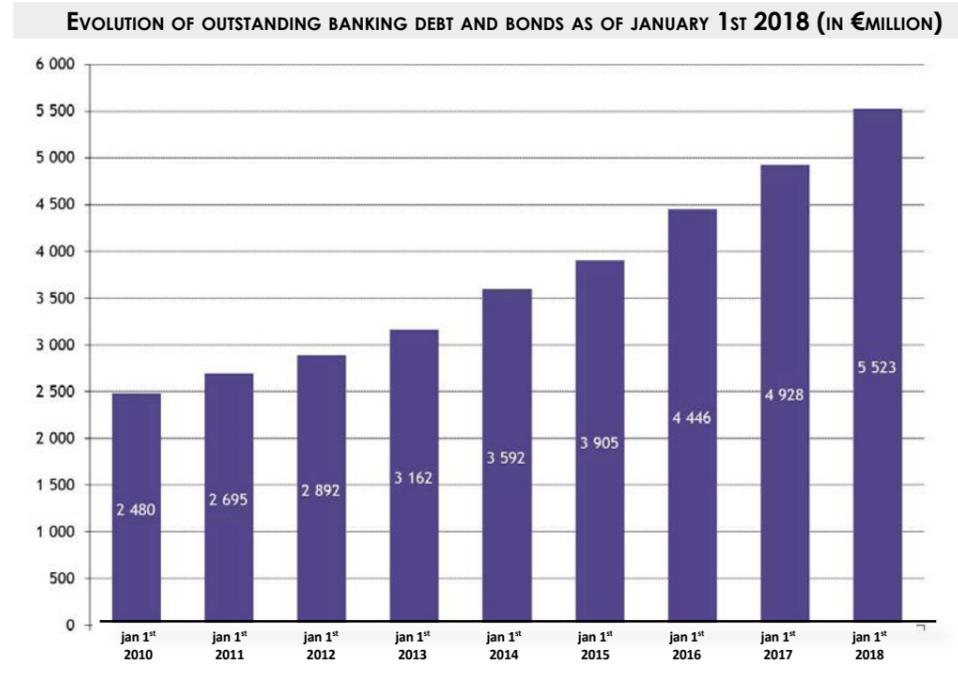
CHANGE IN CURRENT OPERATING REVENUE OF THE PARIS LOCAL AUTHORITY SINCE 2010 IN €MILLION



⁽⁷⁾ Law #2004-809 from August 13, 2004 related to local freedoms and responsibilities.

► **2.2.3. CONTROLLED DEBT CONVEYED THROUGH A 9-YEAR PERIOD OF DEBT REDUCTION, MUCH LOWER THAN THE 12-YEAR NORM HENCEFORTH SET BY THE LAW.**

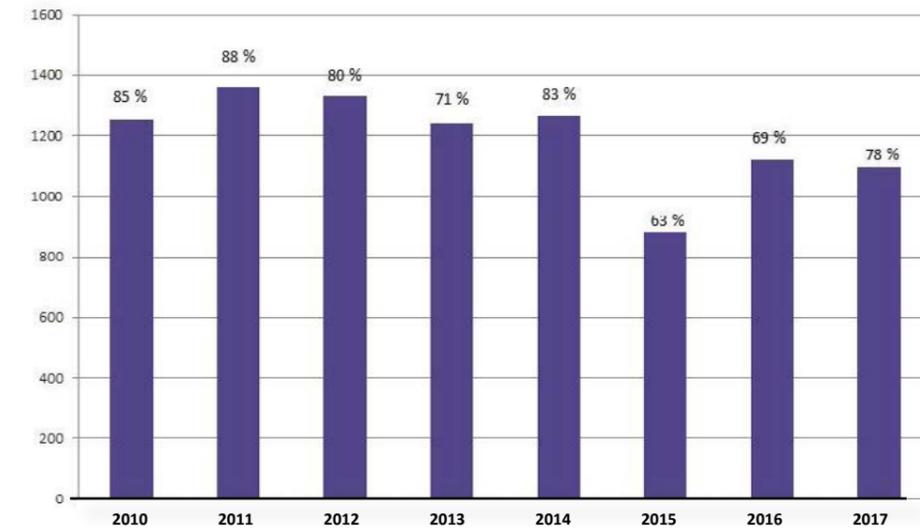
► **ON DECEMBER 31, 2017, BANK AND BOND DEBT AMOUNTED TO €5,523 MILLION**, PLUS THE OTHER DEBT CONTRACTED UNDER THE FRAMEWORK OF DEVELOPMENT PROJECTS (€68 MILLION) AND THE LOAN REPAYMENT SCHEDULE FOR THE PARIS PHILHARMONIC IN THE AMOUNT OF €128 MILLION.



Thanks to the increase in gross savings, which went from €581 million in 2016 to €635 million in 2017, **the capacity for debt reduction for the Parisian local authority remained stable compared to 2016** (9 years compared to 8.9 years) and much lower than the 12-year norm anticipated by the law anticipating public finances for the years 2018 to 2022.

This ratio conveys the Parisian local authority's ability to guarantee the sustainability of its debt trajectory and the financing of an ambitious investment program. This sustainability also materialized through a high self-financing ratio for investments (78%), a significant increase compared to 2016 (69%).

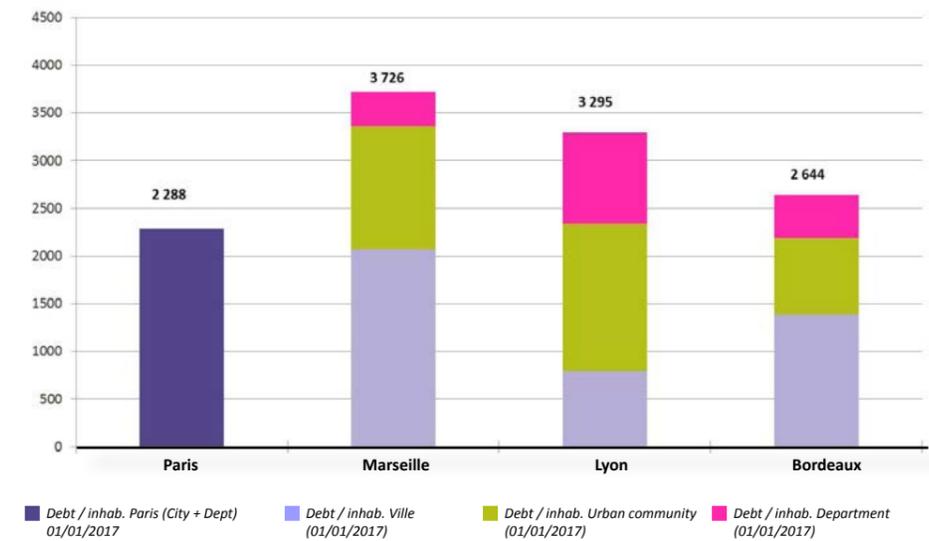
INVESTMENT FINANCING CAPACITY OF THE PARIS LOCAL AUTHORITY SINCE 2010 IN €M AND IN % OF THE AMOUNT OF INVESTMENT MADE



The scale of the ordinates indicates the ability for financing in millions of euros, the percentages refer to the share of the investments covered by self-financing.

DEBT PER INHABITANT / COMPARED DATA (IN EUROS)

Source : Documentation de la direction générale des collectivités locales



II/ PRESENTATION BY PUBLIC POLICY

- 1/ HOUSING
- 2/ DEVELOPMENT, URBAN SERVICES AND ENVIRONMENT
- 3/ ECONOMIC DEVELOPMENT
- 4/ CULTURE
- 5/ SOCIAL WELFARE AND SOLIDARITY
- 6/ FAMILY
- 7/ SPORTS AND YOUTH
- 8/ EDUCATION AND TRAINING
- 9/ SAFETY
- 10/ GENERAL SERVICES

METHODOLOGICAL CLARIFICATION :

The sectors presented correspond to the categories defined by the M14 and M52 budgetary and accounting instructions. In order for it to be possible to provide a consolidated presentation of the City and Department and guarantee an exhaustive presentation of the aforementioned public policies, the following categories were created :

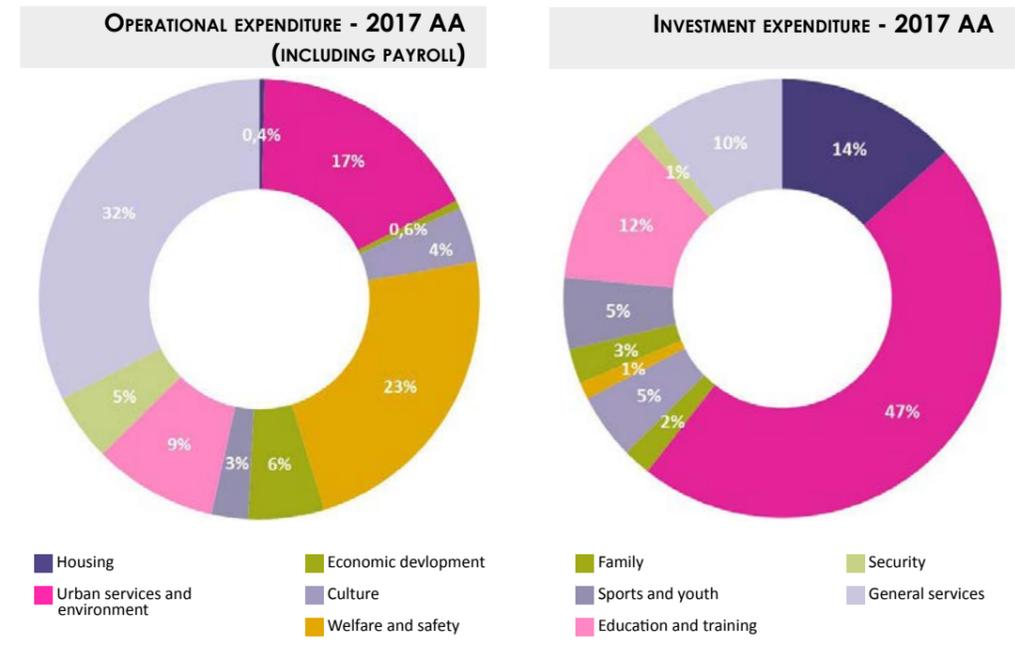
	MUNICIPAL CATEGORIES	DEPARTMENTAL CATEGORIES
Housing	7	72, 70
Development and Urban Services, Environment	81, 82, 83 + <i>Les Halles</i> , riverside expressways (020)	71, 8, 61, 73
Economic Development	9	9
Culture	3	31
Social Welfare and Solidarity	5	5, 4
Family	6	
Sports and Youth	4	32, 33
Education and Training	2	2
Safety	1 + subvention à la PP (020)	1
General Services	0 hors <i>Les Halles</i> , riverside expressways and subsidy to the police prefecture	0

In addition, the budgets presented hereafter are expressed in **actual payment appropriations**, and do not include "self-balancing funds" meant for accounting entries balanced in terms of expenditure and revenue, usually neutralized in the financial analysis; these are described at the end of the report (section III). The cross-flows between the City and Department are also neutralized, as well as the balanced transactions in terms of expenditure and revenue in order to adapt the local authority's concrete financial effort in favor of the different policies conducted.

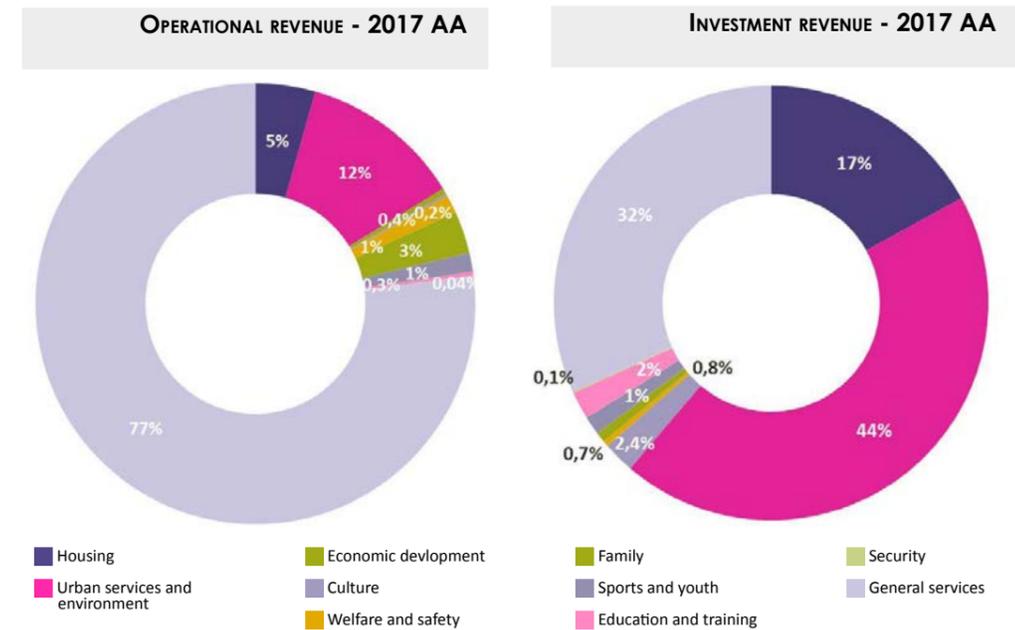
LASTLY, IT IS IMPORTANT TO NOTE THAT A LARGE PORTION OF PAYROLL EXPENDITURE IS CURRENTLY ALLOCATED TO THE "GENERAL SERVICES" 0 CATEGORY SINCE IT IS DIFFICULT TO BREAK IT DOWN PER PUBLIC POLICY DUE TO TECHNICAL REASONS; THUS THE PAYROLL PER PUBLIC POLICY, SUCH AS IS PRESENTED HEREFTER, IS NECESSARILY UNDERESTIMATED, WHILE THE ENTRY FOR THE 0 CATEGORY IS INCREASED IN KIND. A STUDY IS UNDERWAY IN ORDER TO MAKE THE BREAKDOWN OF EXPENDITURE PER PUBLIC POLICY MORE RELIABLE OVER THE LONG TERM.

PRELIMINARY REMARKS

BREAKDOWN OF EXPENDITURE PER PUBLIC POLICY IN THE 2017 AA



BREAKDOWN OF REVENUE PER PUBLIC POLICY IN THE 2017 AA



CORRELATION BETWEEN THE GENERAL PRESENTATION (SECTION I) AND THE PRESENTATION PER PUBLIC POLICY (SECTION II) IN THE 2017 AA.

The tables below present the correlation between the financial overview presented in the first section and the public policy overview presented in the second section of the report, as well as the flows that make it possible to go from the scope of financial analysis used in this report to that of budgetary documents.

(amounts expressed in millions of euros)

OPERATING EXPENDITURE - 2017 AA

OVERVIEW BY TYPE		OVERVIEW BY CATEGORY	
Personnel expenditure	2,324.2	29.9	Housing
General expenditure	767.6	1,338.8	Development and urban services, environment
Social welfare	1,573.9	46.8	Economic development
Subsidies and participations	527.4	314.6	Culture
Contributions	776.0	1,781.3	Social welfare and solidarity
Equalization expenditure	519.8	433.1	Family
FNGIR	898.2	209.0	Sports and youth
Other ongoing administrative expenditure	201.1	706.9	Education and training
Financial expenditure	134.0	385.9	Safety
Exceptional expenditure	41.7	2,517.7	General services
TOTAL ACTUAL OPERATING EXPENDITURE (A)	7,763.9	7,763.9	TOTAL ACTUAL OPERATING EXPENDITURE (A)

The scope of budgetary documents adds the flows detailed below to this expenditure, which is neutralized in the financial analysis because it is balanced in terms of expenditure and revenue within the consolidated budget :

NEUTRALISATIONS (B)	1,090.9
Self-balancing revenue transferred between sections (chapter 042)	648.1
Repayment of the departmental premium by the City to the Department	2.2
Repayment of elected official fees by the Department to the City	1.2
City Contribution to the Department	336.9
Contribution from the department for the recovery of public finances	84.0
Charges marked as long-term lease advances for Porte de Versailles	11.7
Intersecting City/Department repayments on the tourism tax	6.8
BUDGETARY TOTAL (A) + (B)	8,854.8

OPERATING REVENUE - 2017 AA

OVERVIEW BY TYPE		OVERVIEW BY CATEGORY	
Taxes and contributions	5,924.7	369.5	Housing (including account 778)
Compensation for professional transfers	372.1	997.6	Development and urban services, environment
State endowments	638.8	34.2	Economic development
Subsidies and participations	318.1	15.2	Culture
Operating revenue	471.4	113.9	Social welfare and solidarity
Surplus from Joint Development Zones	59.4	258.1	Family
Other ongoing operating revenue	549.3	116.8	Sports and youth
Financial revenue	22.2	23.5	Education and training
Exceptional revenue	42.7	3.0	Safety
		6,467.1	General services
TOTAL ACTUAL OPERATING REVENUE (A)	8,398.9	8,398.9	TOTAL ACTUAL OPERATING REVENUE (A)

The scope of budgetary documents adds the flows detailed below to this expenditure, which is neutralized in the financial analysis because it is balanced in terms of expenditure and revenue within the consolidated budget:

NEUTRALISATIONS (B)	1,059.5
Self-balancing revenue transferred between sections (chapter 042 excluding account 778)	464.8
Repayment of the departmental premium by the City to the Department	2.2
Repayment of elected official fees by the Department to the City	1.2
City contribution to the Department	336.9
Withholding from the City's overall operational endowment	84.0
Revenue marked as long-term lease advances for Porte de Versailles	11.7
Intersecting City/Department repayments on the tourism tax	6.8
Transfer revenue	151.8
COLLECTION OF TOTAL RENT IN THE OPERATIONAL SECTION (DEROGATION) (C)	273.1
BUDGETARY TOTAL (A) + (B) - (C)	9,185.3

¹ Etat, Département, Région, FSE, Sécurité sociale, recouvrements indus...

INVESTMENT EXPENDITURE - 2017 AA

OVERVIEW BY TYPE

Intangible fixed assets	26.2
Facility subsidies	349.5
Acquisitions	319.5
Construction	569.8
Operations for third-party accounts	20.4
Loans granted	9.3
Other actual investment expenditure	112.9

TOTAL ACTUAL INVESTMENT EXPENDITURE (A) **1,407.6**

OVERVIEW BY CATEGORY

188.4	Housing
664.0	Development and urban services, environment
28.8	Economic development
68.4	Culture
17.6	Social welfare and solidarity
35.7	Family
74.5	Sports and youth
166.0	Education and training
18.7	Safety
145.6	General services

TOTAL ACTUAL INVESTMENT EXPENDITURE (A) **1,407.6**

The scope of budgetary documents adds the flows detailed below to this expenditure, which is neutralized in the financial analysis because it is balanced in terms of expenditure and revenue within the consolidated budget:

NEUTRALISATIONS (B)

858.4

Self-balancing revenue transferred between sections (chapter 040, excluding 1068)	191.7
Patrimonial transactions (chapter 041)	117.1
Neutralized balanced transactions (including 1068)	352.4
Revolving credit lines (type 16449)	0.0
Loan repayments	197.2

BUDGETARY TOTAL (A) + (B)

2,266.0

INVESTMENT REVENUE- 2017 AA

OVERVIEW BY TYPE

Subsidies and endowments received	298.6
Revenue from the transfer of assets	100.3
Transactions for third-party accounts	6.0
Loan repayments	4.6
Other financial assets	8.3
Other actual investment revenue	48.0

TOTAL ACTUAL INVESTMENT REVENUE (A) **465.8**

OVERVIEW BY CATEGORY

79.1	Housing
206.1	Development and urban services, environment
0.0	Economic development
10.9	Culture
2.0	Social welfare and solidarity
3.4	Family
6.5	Sports and youth
9.5	Education and training
0.5	Safety
147.6	General services

TOTAL ACTUAL INVESTMENT REVENUE (A) **465,8**

The scope of budgetary documents adds the flows detailed below to this expenditure, which is neutralized in the financial analysis because it is balanced in terms of expenditure and revenue within the consolidated budget:

NEUTRALISATIONS (B)

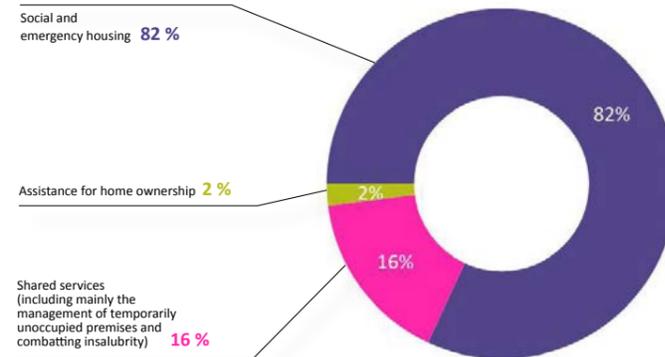
1,957.8

Self-balancing revenue transferred between sections (chapter 040) excluding transfer revenue	496.3
Patrimonial transactions (chapter 041)	111.2
Neutralized balanced transactions (including 16878 and 1068)	557.8
Revolving credit lines (type 16449)	0
Corrections in share premiums (chapter 041)	5.9
New loans excluding share premiums (types 16311 and 1641)	786.6

BUDGETARY TOTAL (A) + (B)

2,423.5

CONSOLIDATED HOUSING BUDGET - 2017 AA



IN M€	2015 AA	2016 AA	2017 AA
Operating expenditure	29	28.3	29.9
Including payroll	18.3	18.3	19.4
Investment expenditure	222.5	255	188.4
Real estate acquisitions included	370.9	435	368.4
Operating revenue	143.1	450	369.5
Investment revenue	69.9	94.2	79.1

OPERATIONAL SECTION

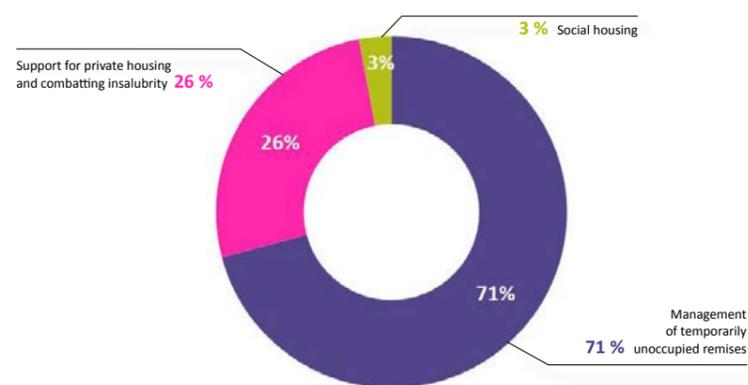
Expenditure

IN 2017, THE OPERATIONAL HOUSING BUDGET AMOUNTED TO €29.9 MILLION, INCLUDING €19.4 MILLION FOR PAYROLL.

On July 1, 2017, 24 agents from the Police prefecture were transferred to the City of Paris in order to strengthen the service that protects against substandard housing. The Mayor of Paris now holds practically all of the police powers making it possible to ensure a coordinated and effective policy against substandard housing (police for buildings on the brink of deterioration, police for the safety of shared facilities, police for monitoring hygiene in buildings meant mainly or partially for residential purposes, general police for public safety and hygiene in extremely urgent situations due to substandard housing).

Excluding payroll, the operating expenditure related to housing amounted to €10.5 million.

OPERATING EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



The management of the intermediary domain represented the majority of operating expenditure, in the amount of €7.6 million in the 2017 AA. These appropriations were €2.8 million lower compared to the 2016 AA, which was explained by the technical transfer of appropriations for private housing subsidies from joint services towards welfare paid by the local authority to private housing. In

particular, this included €1.9 million in property taxes, €0.8 million in joint ownership charges and €0.8 million in building maintenance expenses.

Subsidies paid by the local authority for the improvement of private housing rerepresented €2.5 million in 2017. Once the transfer indicated above was neutralized, this expenditure decreased by €0.2 million compared to 2016. Two main subsidies formed this envelope: one attributed to Soliha Paris-Hauts-de-Seine-Val-d'Oise, an association specialized in the improvement of housing (€997 thousand) and one paid to the Departmental Association of Information on Housing (€742 thousand).

Subsidies for the rental sector reached €0.4 million in the 2017 AA and increased by €0.2 million compared to the 2016 AA. These included the fees related to social and urban project ownership (in support of the Romani people and migrant worker centers) in the amount of €119 thousand and an agreement dedicated to the random verification of subsidy requests from social landlords in the amount of €172 thousand.

Revenu

THE OPERATING REVENUE FOR HOUSING AMOUNTED TO €369.5 MILLION IN THE 2017 AA, A DECREASE OF €81 MILLION COMPARED TO 2016. THIS CHANGE WAS EXPLAINED BY THE DECREASE IN THE AMOUNT OF RENT ACCUMULATED BETWEEN 2017 AND 2016 (-€80.9 MILLION).

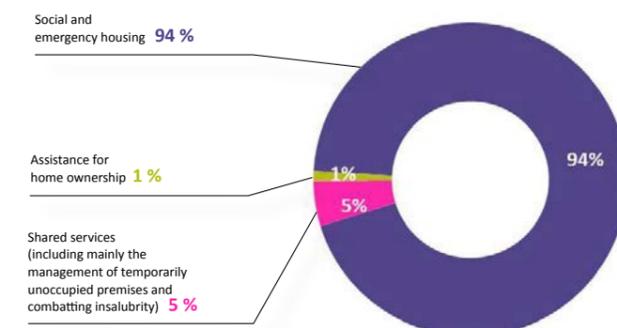
This revenue from capitalized rent, coming from the public service contract for available stock from social landlords, reached €273.1 million in the 2017 AA. This incorporated €57.1 million of revenue from preemptive transfers from the City. The revenue from the public service contract for the available Paris Habitat stock represented €127 million and that from Elogie-Siemp in the amount of €89 million. The revenue from rent excluding capitalized rent amounted to €87.6 million in 2017, an increase of €0.6 million compared to 2016. This revenue came from annual usage fees for long-term leases from social landlords, rent from GRDF and EDF buildings and miscellaneous leases.

The other income related to housing, apart from the dividends collected by the City from the Real Estate Authority for the City of Paris (RIVP), included exceptional or miscellaneous revenue. In 2017, this amounted to €8.8 million, a decrease of €0.5 million compared to 2016.

INVESTMENT SECTION

Expenditure

INVESTMENT EXPENDITURE - 2017 AA



INVESTMENT EXPENDITURE IN FAVOR OF THE HOUSING SECTOR AMOUNTED TO €368.4 MILLION IN 2017 (REAL ESTATE ACQUISITIONS INCLUDED), COMPARED TO €435 MILLION IN 2016.

€177.8 million was dedicated to social housing for the financing of 7,318 additional accommodations, including €127.78 million in subsidies to social landlords and €49.3 million in loans granted by the State. The €63.7-million decrease compared to the 2016 AA was explained by the State's belated payments, which made it impossible to take on expenditure at the expected level.

In order to reproduce the local authority's full effort in favor of housing, the real estate acquisitions posted in the municipal land account and dedicated to this sector should also be valued at €180 million, bringing the total effort in terms of housing to €368.4 million.

In addition, subsidies for private housing amounted to €5.9 million.

Subsidies for home ownership represented €1.8 million by virtue of the Prêt Paris Logement offer.

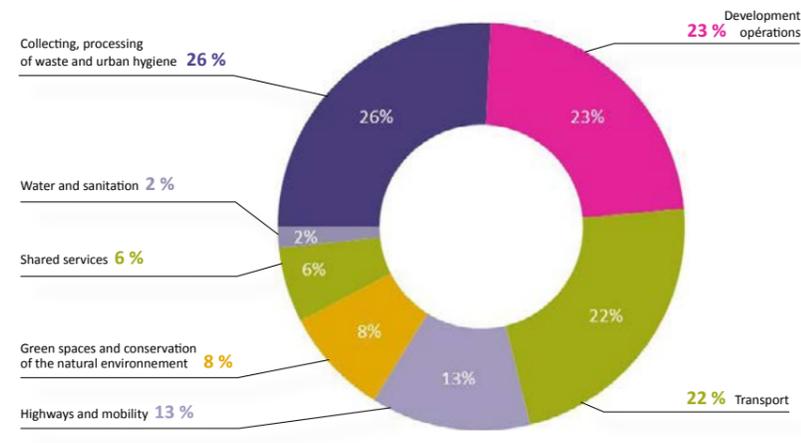
Maintenance for state-owned buildings benefited from €2.4 million.

Lastly, €0.5 million was dedicated to refugee reception centers.

€79.1 MILLION OF INVESTMENT REVENUE WAS COLLECTED FOR HOUSING. MOST OF THIS REVENUE INCLUDED REIMBURSEMENTS FROM THE STATE FOR THE TRANSFER OF BRICK AND MORTAR SUBSIDIES (€77.2 MILLION).

2/ DEVELOPMENT, URBAN SERVICES AND ENVIRONMENT

CONSOLIDATED BUDGET FOR DEVELOPMENT, URBAN SERVICES AND ENVIRONMENT - 2017 AA



IN M€	2015 AA	2016 AA	2017 AA
Operating expenditure	1,413.5	1,362.8	1,338.8
Including payroll	514.7	507.8	500.4
Investment expenditure	700.6	854.2	664
Operating revenue	975.6	930	997.6
Investment revenue	262.4	279.5	206.1

OPERATIONAL SECTION

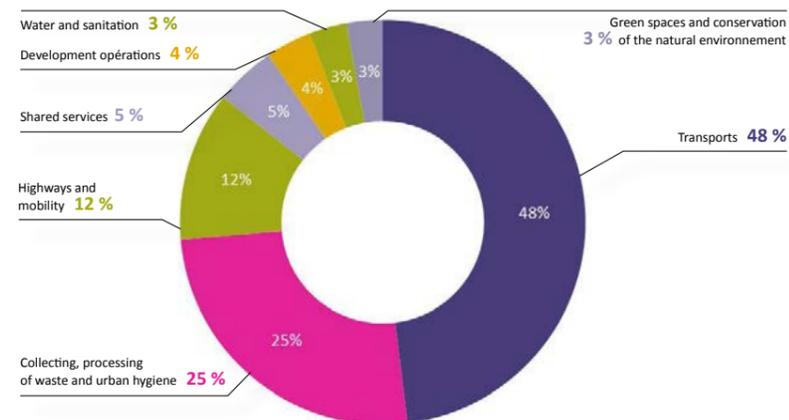
Expenditure

EN 2017, THE OPERATIONAL BUDGET DEDICATED TO DEVELOPMENT, URBAN SERVICES AND THE ENVIRONMENT AMOUNTED TO €1,338.8 MILLION, INCLUDING €500.4 MILLION FOR PAYROLL.

In order to strengthen its work in favor of clean public and green spaces, a policy to fight against antisocial behavior was developed with the creation of a dedicated management team. In September 2016, 558 positions in the department of green spaces and the environment (Direction des espaces verts et de l'environnement: DEVE) and 119 positions in the department of sanitation and water (Direction de la propreté et de l'eau: DPE) were transferred to the department of prevention, security and protection (Direction de la prévention, de la sécurité et de la protection: DPSP) for the implementation of this policy. The year 2017 was the first full year of this reform, which explained the reduction in the amount of the payroll within this category. In parallel, 100 positions were created under the framework of the sanitation intensification plan in the 2017 PB.

The operational budget, excluding payroll, amounted to €838.4 million.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



Transportation represented the most expenditure in the amount of €402.8 million, compared to €401.5 million in 2016 (+€1.3 million).

The contribution paid by the local authority to *Ile-de-France Mobilités* (IDFM, the new commercial identity for the Ile-de-France transportation federation), was the main component for this category. It was established at €384.6 million, an increase of €3.1 million compared to 2016, due to the increase in public contributions (+0.8%). The second highest item for expenditure was regarding subsidies for the transportation of disabled persons, with €14.4 million dedicated to the "mobility assistance" service ("pour aider à la mobilité": PAM), e.g. an increase of €0.3 million compared to 2016. Lastly, €3.5 million was dedicated to Paris's small electric buses (*les Traverses*) in 2017. This amount decreased by €2 million compared to 2016, due to the deferment of a portion of the expenditure from three of the former buses (Ney-Flandres, Charonne and Bièvres-Montsouris) to 2018.

The expenditure related to the collection, processing of waste and sanitation amounted to €214.6 million, a decrease of €5.5 million compared to 2016.

The contribution to the intercommunal federation for waste management (SYCTOM) decreased by €3.3 million, reaching €104 million due to a decrease in tonnage, the implementation of a savings plan and the readjustment of the contribution in terms of the level of effective expenditure, in accordance with the recommendations from the Regional Chamber of Accounts.

Excluding SYCTOM, the expenditure related to waste collection and sanitation agreements amounted to €107.2 million, a decrease of €3 million compared to 2016.

This decrease was based on the contractual execution of certain agreements with, on the one hand, the recovery of advances paid in 2015 and, on the other hand, the downward adjustment of the annual revision indexes for prices. Moreover, the renewal of the collection bin agreement made it possible to achieve a savings of €0.9 million compared to the previous agreement. However, the expenditure for sorting facilities increased by €0.3 million, due to the additional expenditure related to the removal of bulky items.

2017 AA / 2016 AA VARIATION IN EXPENDITURE BETWEEN COLLECTION AND SANITATION AGREEMENTS

	2016 AA	2017 AA	% / AA
Collection of paper recycle bins	12,797,696	12,680,898	-0.91%
Private collection of household waste and various materials	55,217,766	53,022,507	-3.98%
Provision of garbage bins	5,479,642	4,602,597	-16.01%
Automated vacuum collection of household waste	510,277	512,938	0.52%
Glass collection	9,892,245	9,696,676	-1.98%
Recycling centers	5,285,952	5,637,329	6.65%
Biowaste collection	225,668	319,942	41.78%
Maintenance of garbage receptacles and bins	47,729	5,172	-89.16%
Graffiti removal	4,454,842	4,579,344	2.79%
Maintenance of roadways and utility networks	1,012,255	1,733,306	71.23%
Maintenance of tourist zones	768,853	787,917	2.48%
Mechanical cleaning	14,455,233	13,623,722	-5.75%
TOTAL	110,148,257	107,202,349	-2.67%

Lastly, €3.4 million was dedicated to other collection and sanitation expenditure, excluding collection agreements (+€0.8 million compared to the 2016 AA), including €0.9 million for roadway equipment, €0.6 million for sanitation and collection awareness programs, €0.4 million for recycling center security, €0.4 million for studies and research, €0.3 million for subsidies paid under the Oudin law and meant to finance decentralized cooperative programs ("1% waste" program).

The expenditure related to the maintenance of roadways amounted to €65.2 million, a decrease of €12.6 million compared to 2016 (€77.8 million), mainly due to technical transfers. This expenditure was broken down in the following manner:

- €17 million dedicated to sanitation services on public roads (coin-operated public toilets, lavatories, retractable posts);
- €8.2 million dedicated to construction expenditure carried out on behalf of third parties, a decrease of €8.6 million compared to 2016 due to the transfer of this expenditure to the investment budget;
- €14 million mobilized for the Vélib' bicycle program, e.g. €3.6 million less than in 2016. This change resulted from the disappearance of cross-flows between the service provider and the City regarding the payment of penalties for defective bicycles, which are henceforth directly deducted from the amount paid by the City and, on the other hand, the decrease in activity in the third quarter of 2017 in relation to the dismantling of stations following the end of the Vélib' 1 contract. In parallel, €0.3 million was paid to the Metropolis Vélib' Autolib' syndicate (Syndicat Vélib' Autolib' Métropole: SAVM), which is in charge, as of January 1, 2018, of the management of the Vélib' service;
- €19.2 million dedicated to the maintenance expenditure for roads and utility networks, e.g. an increase of €3.6 million compared to 2016. This entry included, in particular, construction related to the maintenance of tunnels and the operation of the ring road (€3 million), the maintenance of the pavement and sidewalks (€3.8 million), signage and the maintenance of

street furniture (€1.5 million), expenditure related to road maps (€0.9 million), as well as expenditure for the maintenance of stop lights, which increased by €0.5 million under the framework of the energy performance deal (€8.2 million in 2017 compared to €7.7 million in 2016). Lastly, expenditure dedicated to the program Paris respire ("Paris Breathe") amounted to €0.6 million;

- €7.8 million spent in favor of road maintenance, including, in particular, €2.5 million for road and small equipment, €2.3 million in repayments for lighting, €1.4 million for moveable and immovable rentals, €0.6 million in subsidies, €0.5 million in expenditure for fluids, €0.1 million in security fees and €0.1 million in research fees.

Expenditure related to **public lighting** reached €34.9 million, a decrease of €0.3 million compared to 2016. If the amount dedicated to the execution of the energy performance agreement increased by €2 million, electricity consumption decreased by €2.7 million compared to 2016, in accordance with the climate plan objectives adopted by the City of Paris.

Operating expenditure related to **urban development operations** reached €30.5 million, e.g. a decrease of €2.5 million compared to 2016. This expenditure included, in particular:

- the maintenance of public facilities in the Forum des Halles, and the operational charges resulting from the redevelopment project, for a total amount of €8.2 million, compared to €8.5 million in 2016.
- Subsidies paid to public organizations, in the amount of €7.9 million, including €6.4 million to the Parisian workshop for city planning (Atelier parisien d'urbanisme: APUR), €2.5 million to the Arsenal pavilion and €0.25 million to the Architecture, city planning and environment council (Conseil d'architecture, d'urbanisme et d'environnement: CAUE);
- Expenditure related to developing the banks of the Seine, in the amount of €2.4 million compared to €2.9 million in 2016;
- wages for operators facilitating the Eco-rénovons Paris ("Let's make Paris greener") program, in the amount of €1.5 million in 2017, as well as Operation: Improving Deteriorated Accommodations (Opération d'amélioration de l'habitat dégradé: OAHD 4) for the Parisian local authority, in the amount of €1.4 million in 2017;
- city planning fees, in the amount of €5.8 million, compared to €6.3 million in 2016.

Expenditure for **water and sanitation** represented €25.2 million, compared to €26.7 million in 2016. Indeed, the City's contribution to the subsidiary sanitation budget for the processing of rainwater decreased by €1.5 million and amounted to €20 million. The participation from local authorities to the budget for the Seine Great Lakes public river-basin territorial establishment represented, for its share, €5.2 million, the same amount as in 2016.

The **other expenditure related to urban development** represented an amount of €26.2 million, an increase of €5.3 million compared to 2016.

Indeed, paid street parking mobilized €19.1 million, e.g. an increase of €6.7 million compared to 2016. This increase was explained, first of all, by the expenditure carried out in order to adapt parking payment methods, in preparation for the parking inspection reform. Consequently, €3.9 million was necessary in order to adapt the "Pro Card," mobile payments and parking meter tickets. Secondly, expenditure for allocated parking spaces increased by €2.8 million. This change resulted from the increase in property taxes paid by the City on behalf of concessionaries (this movement being balanced by the payment of a usage fee in the same amount), partially compensated by the decrease in expenditure regarding bus parking.

However, the overall increase was limited to €5.3 million, because the expenditure for the joint services from the department of roadways and transportation (Direction de la voirie et des déplacements: DVD) and the department of green spaces and the environment (DEVE) – mobilized under this framework – decreased by €1.5 million, in order to amount to €4.4 million and €2.4 million, respectively.

Expenditure related to **green spaces** amounted to €16.1 million (€16.2 million in 2016). This expenditure included, in particular, €4.2 million for horticultural supplies (tools, vegetation, materials), €3.6 million in water consumption, €3 million for ground maintenance, €2.5 million for building maintenance and €1.8 million for external services, regarding organic waste, in particular.

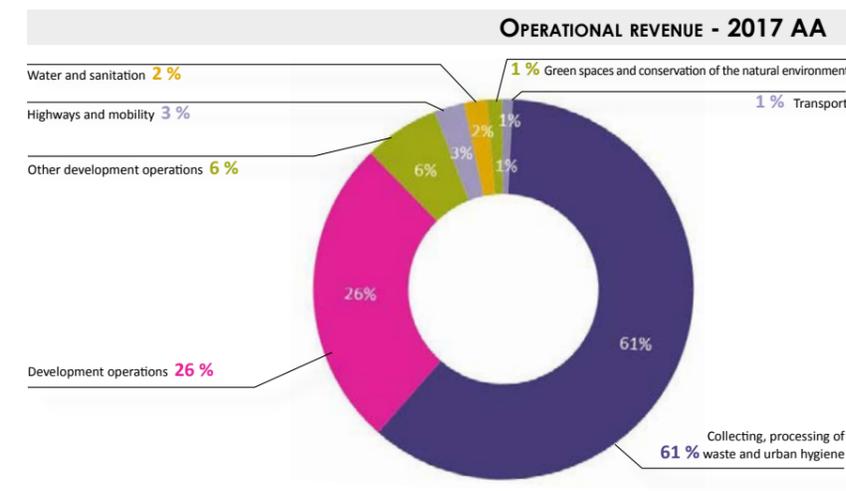
The **preservation of the natural environment and pollution-fighting measures** mobilized €4.1 million in 2017. On the one hand, the methods implemented in order to preserve the natural environment increased by €0.5 million compared to 2016, in order to reach €3.7 million. This amount included, in particular, the subsidy for sustainable development and the Climate Plan, which amounted to €1.3 million (+€0.2 million), and studies regarding the environment, architecture, sanitation and city planning for €1 million. On the other hand, €0.4 million was mobilized for research expenses under the framework of pollution-fighting measures.

Expenditure related to the maintenance of **the canals** amounted to €3.9 million, a decrease of €0.8 million. €2.2 million was spent on maintenance, upkeep and small equipment expenses, and €1.7 million for local taxes, in particular, €1.2 million for the occupation of the public river domain.

Joint services related to other urban services amounted to €14.9 million, e.g. an increase of €0.2 million compared to the 2016 AA. This included, in particular, fuel expenses (€6 million, compared to €5.5 million in 2016), small equipment supplies (€4.3 million compared to €5.3 million in 2016), the maintenance of rolling stock (€0.7 million) and maintenance and upkeep fees (€1.8 million).

Revenue

OPERATING REVENUE FOR THIS CATEGORY WAS DETERMINED AT €997.6 MILLION, AN INCREASE OF €67.6 MILLION (7.2%) COMPARED TO 2016.



Revenue from **joint services related to development and urban services** amounted to €261.6 million, an increase of €8.9 million (3.5%) compared to the 2016 AA.

Parking fees made up its main resource with €107.3 million, a decrease of €1.4 million compared to 2016.

Usage fees paid by farmers and concessionaries, which corresponded to the usage fees for energy concessionaries and parking lot assignees, increased, for their share, by €8.2 million and amounted to €77.6 million. This change was mainly explained by an increase of €4 million in usage fees paid by parking lot concessionaries, corresponding to the repayment of property taxes (the City of Paris now needing to pay these taxes before collecting their repayment), and the increase in usage fees paid by energy concessionaries, in particular, the Parisian urban heating company (*Compagnie parisienne de chauffage urbain: CPCU*).

Road fees also increased compared to 2016 (+€2.8 million) and amounted to €46 million, particularly due to the 2% increase in rates between 2016 and 2017. Moreover, the revenue from the local tax on external advertising (*Taxe locale sur la publicité extérieure: TLPE*) amounted to €9 million, a stable amount compared to 2016.

Other revenue coming from joint services amounted to €21.7 million. In particular, this included occupational usage fees for the public roadway domain paid by the autonomous Parisian transportation public company (*Régie autonome des transports parisiens: RATP*, €4.1 million) and the operators of gas stations (€3.5 million), as well as usage fees for Autolib' stations, premises for parking lot assignees and electrical charging stations for electric vehicles (€3.6 million), and the occupation of the subsoil for utility networks (€1 million). €5 million from service revenue, mainly corresponding to revenue from the material testing laboratory (Laboratoire d'essais des matériaux: LEM) and usage fees from parking lots, were also collected.

Revenue related to **road maintenance** amounted to €25.8 million, a decrease of €4.7 million compared to 2016. This decrease was due, in the amount of €3 million, to the drop in revenue from the Vélib' service (€19.3 million in 2017), and in the amount of €1.7 million, due to the shift in third-party accounts to the investment section.

Revenue pertaining to **transportation** reached €9.2 million, a decrease of €1.6 million compared to 2016. This incorporated €3.8 million of participations from *Ile-de-France Mobilités* (IDFM) (-€0.8 million), €3.3 million of participations from the Ile-de-France region (-€0.5 million) and €1.9 million in contributions from users of the "PAM 75" service (-€0.2 million).

In terms of **urban sanitation and household waste collection**, revenue amounted to €604.3 million compared to €599.1 million in 2016. The revenue from the household waste collection tax (TEOM) reached €471.4 million, an increase of €4.4 million compared to 2016 (including €2 million for the physical evolution of the bases, €1.9 million for the 0.4% fixed-rate increase established by the finance law and €0.5 million for additional taxes). The other revenue included, in particular, the income from the street sweeping tax, in the amount of €104.1 million (e.g. -€0.3 million compared to 2016) and the usage fees related to household waste (*Redevance relative aux déchets ménagers: RDNM*), which amounted to €18.7 million, an increase of €0.1 million compared to 2016.

€4.3 million in revenue related to **urban green spaces** was collected in 2017, a decrease of €1.8 million compared to 2016. This revenue essentially included €1.5 million in construction revenue on behalf of third parties, a decrease of €1 million compared to 2016, and €1.3 million in fee reimbursements, e.g. a decrease of €0.4 million.

The revenue collected for City programs in favor of **preserving the natural environment** represented €2 million, e.g. an increase of €1.7 million compared to 2016. This increase resulted from payments outlined under the Local plan for waste prevention, including €1.5 million from the Agency for the Environment and Energy Control (*Agence de l'environnement et de la maîtrise de l'énergie: ADEME*) and €0.5 million from the European Union under the framework of the project "Life Cool and Low Noise Asphalt," which

plans on experimenting with three different sidewalk surfaces with increased phonic, thermal and mechanical properties.

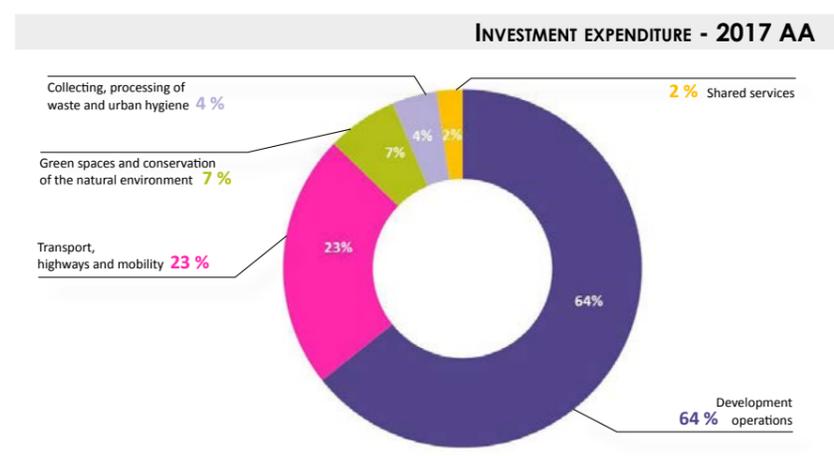
Revenue related to the operation of the **canals** amounted to €6.4 million, an increase of €0.1 million compared to 2016. In particular, this included revenue from the sale of non-potable water (€3.2 million), parking and rental fees in the public river domain (€1.4 million).

The revenue produced from **water and sanitation** services amounted to €19.3 million, an increase of €0.4 million. Indeed, the reimbursement amount for the additional personnel from the interdepartmental sanitation syndicate for the Parisian urban area (*Syndicat interdépartemental pour l'assainissement de l'agglomération parisienne*: SIAAP) increased by €0.8 million in order to reach €5.7 million, while the revenue from buildings decreased by €0.4 million in order to settle at €0.2 million. The occupation usage fees for the utility network (excluding Paris sewers) paid by *Eau de Paris* and the repayment of fees paid by the subsidiary sanitation budget remained stable compared to 2016, at €5.3 million and €7.5 million, respectively.

Lastly, revenue related to **urban development projects** amounted to €63.7 million, an increase of €58.7 million compared to 2016. Indeed, the revenue collected from Joint Development Zone surpluses is very variable from one year to another, since it depends on the completion calendar for development projects. Consequently, this amount reached €59.4 million in 2017, e.g. an increase of €57.4 million compared to 2016.

INVESTMENT SECTION

Expenditure



INVESTMENT EXPENDITURE RELATED TO THE PUBLIC SPACE AMOUNTED TO €664 MILLION IN 2017.

Development projects and real estate acquisitions represented €426.9 million. This amount included, in particular:

- €262.1 million for real estate acquisitions, including €180 million for the purchase of private housing in preparation for conversion into social housing, and €82.1 million for new facilities. Within this last amount, €30.1 million was invested in the construction of the building in the Bédier joint development zone (13th), making it possible to combine several services from the Parisian local authority on the same site ;
- €82.4 million for city planning projects in joint development zones, in particular, that of Clichy-Batignolles (€33.4 million), Paris Rive Gauche (€18.7 million) and Beaujon (€17.1 million);
- €28 million for the second installment payment related to the acquisition of the Commodities Exchange ⁽⁸⁾;
- €26.9 million for the Les Halles construction site.

Regarding **transportation (transportation and roads)**, investments amounted to €152.5 million. A portion of this investment was dedicated to public transportation, including €43.4 million for the extension of metro line 14, €30.8 million for the extension of the T3 tramway line and €4 million in order to adapt the metro stations along metro line 11 under the framework of the extension renovations for this line.

€29.8 million was added to this amount for roadway development and maintenance projects. Furthermore, €9.8 million was allocated to public lighting, particularly under the framework of the energy performance agreement and €16.5 million was financed for road maintenance work. Lastly, €12 million was mobilized for soft mobility, and €5.9 million was dedicated to maintenance and

⁽⁸⁾ The acquisition of the Commodities Exchange historical building, for a total amount of €86 million, was part of a larger project that generated €50 million in transfer revenue and €15 million in usage fee revenue. Consequently, the net cost of this project for the City was brought down to €21 million. The amount of €28 million corresponds to the second installment payment related to the acquisition of the Commodities Exchange.

operation expenses for the ring road.

For **green spaces, canals and the environment**, the public authority invested €42.3 million, for the following projects in particular

- the upkeep of green spaces (€4.5 million) and playgrounds (€1.5 million);
- the replenishment of avenue trees (€2.3 million) and the planting of new trees in order to reach the objective of 20,000 additional trees between now and 2020 (€1.3 million);
- the canals (€2.9 million);
- the completion of the reception area for itinerants and other transient people in the Bois de Vincennes park (€2.6 million);
- the relocation of the Auteuil greenhouses (€1.7 million);
- projects in green spaces in favor of the climate plan (€1.4 million), particularly in terms of replacing the lighting systems;
- projects for the development of urban agriculture (€1.2 million);
- lastly, under the framework of the participatory budget, the renovation of kiosks (€1.1 million)

As for the **collection, processing of waste and urban sanitation**, €27 million was mobilized in investments. The acquisition of vehicles specifically for waste collection and cleaning made up the primary expenditure (€22.9 million). In addition, €2.4 million was invested in the refurbishment of the Pouchet call for projects site.

Revenue

INVESTMENT REVENUE UNDER THE FRAMEWORK OF DEVELOPMENT, URBAN SERVICES AND THE ENVIRONMENT AMOUNTED TO €206.1 MILLION.

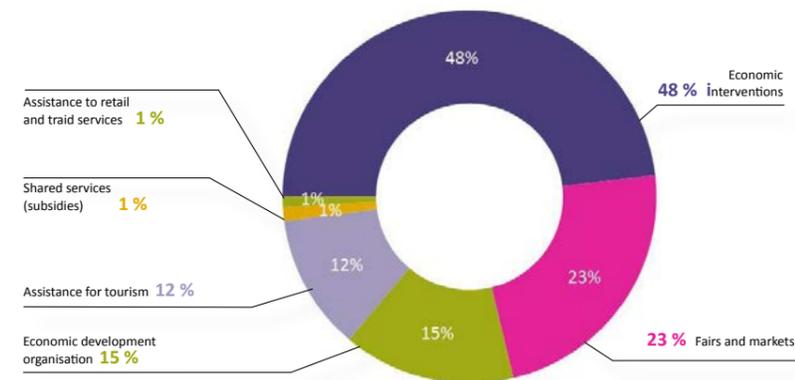
The revenue from the **land account** represented €142.6 million, €100.3 million of which was transfer revenue and €42.3 million collected from the sale of property with installment plans.

In addition, the revenue from fines collected on the municipal budget (€33.5 million) was allocated to investments in favor of transportation.

Lastly, transportation generated €14.2 million in revenue, including €7.6 million in subsidies for the Ile-de-France region for the extension of the T3 tramway, and €1.5 million from the ADEME and the Ile-de-France region for the development of electrical vehicle recharging stations. This amount also includes €1.2 million in participations paid by the IDFM for the Mobilien bus network.

3/ ECONOMIC DEVELOPMENT

CONSOLIDATED BUDGET FOR ECONOMIC DEVELOPMENT - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure	47.5	47.4	46.8
Including payroll	12.1	12.0	12.6
Investment expenditure	32.1	33.1	28.8
Operating revenue	34.9	39.2	34.2
Investment revenue	15.1	1.1	-

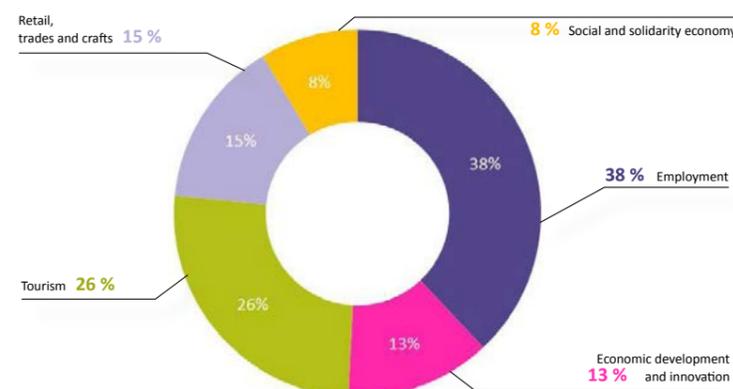
OPERATIONAL SECTION

Expenditure

IN 2017, THE OPERATIONAL BUDGET FOR ECONOMIC DEVELOPMENT AMOUNTED TO €46.8 MILLION, INCLUDING €12.6 MILLION FOR PAYROLL.

Excluding payroll, operating expenditure related to the economic development and featurability of the Paris region amounted to €34.2 million.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



The largest expenditure for the City in terms of economic development was the employment assistance policy, which mobilized €13.9 million in 2017, e.g. the same amount as in 2016.

Within this amount, the subsidy paid to the Mission locale program amounted to €3.2 million in 2017, compared to €3.7 million in

2016, a year that was marked by the payment of an exceptional subsidy of €0.5 million. In addition, €3.6 million was mobilized for the training of apprentices and subsidized contracts, e.g. a stable amount compared to 2016. Lastly, the support of organizations and associations in charge of promoting employment opportunities amounted to €3.3 million, compared to €3.6 million in 2016.

On the other hand, the "Paris Employment Training" program (ex-departmental plan for employment opportunities), increased by €0.9 million and settled at €3.3 million, including €2.4 million for training programs and €0.9 million for scholarships benefiting interns in professional integration programs.

Expenditure for tourism amounted to €8.8 million in the 2017 AA, an increase of €1.1 million compared to the 2016 AA. This was mainly composed of subsidies, including €7.9 million for the Paris tourism and convention office (Office du tourisme et des congress de Paris: OTCP), this amount including an exceptional subsidy of €2 million dedicated to reviving tourism in the capital.

Expenditure for economic development and innovation represented €4.4 million, compared to €5.2 million in 2016. Within this expenditure, subsidies represented the main amount with €3.7 million. This amount included €3 million paid for economic development, including €2.8 million for Paris&Co, and €0.7 million paid for innovation in favor of development centers and incubators.

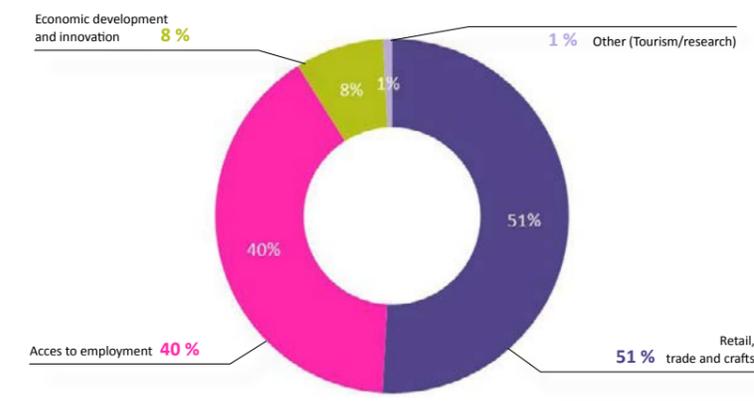
Expenditure related to business and artisans amounted to €4.2 million, a decrease of €0.8 million compared to 2016. The subsidies paid to businesses represented €2.6 million. In particular, this made it possible to support the business of kiosk vendors (€1.6 million), artisans and artistic professions (€0.5 million) and organize the illuminated Christmas decorations (€0.5 million). Lastly, €1.5 million was dedicated to regular charges including €0.6 million for the organization of the Foire du trône traveling carnival and €0.4 million for agreements related to Parisian workshops.

The social and solidarity economy represented €2.9 million in 2017 (including €2.8 million in subsidies), e.g. an increase of €0.5 million compared to the 2016 AA. In particular, this increase included the 2017 launch of the financing for the Center of Solidarity and Innovative Economies, located on the former site of the "Canal House."

Revenue

OPERATING REVENUE RELATED TO ECONOMIC DEVELOPMENT AMOUNTED TO €34.2 MILLION IN THE 2017 AA, A DECREASE OF 13% (€5.2 MILLION) COMPARED TO THE 2016 AA.

OPERATIONAL REVENUE - 2017 AA



Revenue related to employment opportunities reached €13.8 million, compared to €14.9 million from the previous year, particularly due to the decrease in the State's participation in subsidized contracts and future job programs.

Revenue related to economic development and innovation amounted to €3 million, an increase of €0.3 million, including €2.8 million in rental revenue (€2.5 million in 2016).

Revenue related to business and artisans reached €17.4 million, a decrease of €4.3 million compared to the 2016 AA. €3.3 million of this decrease resulted from shifts in revenue to the 2018 fiscal year (see below). Moreover, the 2016 fiscal year had been marked by the payment of €1 million in exceptional revenue by the French Insurance Association for the compensation of business owners following the terrorist attacks from November 13, 2015.

This revenue included:

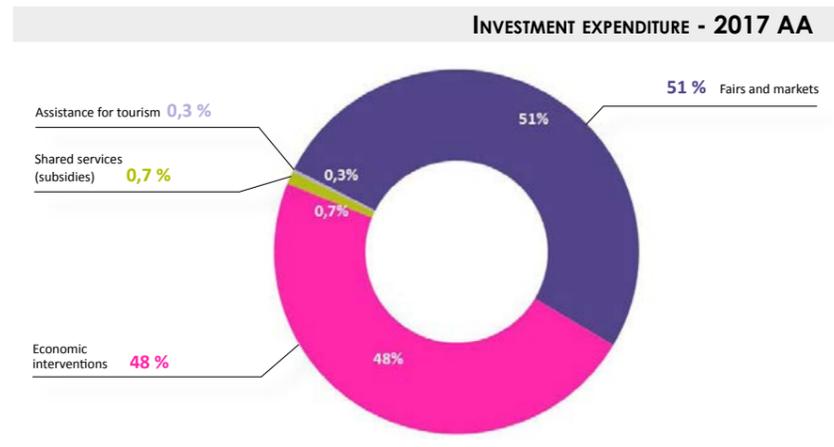
- parking and rental fees for public roads (including the usage fee for the Christmas market, the Ferris wheel and the revenue paid by the newspaper kiosk vendors) amounted to €11.3 million, an increase of €0.1 million compared to 2016.
- €0.9 million in usage fees paid by open-air market concessionaries, compared to €4.2 million in 2016 due to the technical

ECONOMIC DEVELOPMENT

- shift in revenue orders, which will be collected in 2018;
- €2.7 million from real estate revenue;
- €1.1 million from revenue paid by other license payers, related to traveling carnivals;
- €1 million in usage fees for the occupation of public roads;
- €0.4 million in other income.

INVESTMENT SECTION

Expenditure



THE INVESTMENT EFFORT IN FAVOR OF ECONOMIC DEVELOPMENT AMOUNTED TO €28.8 MILLION.

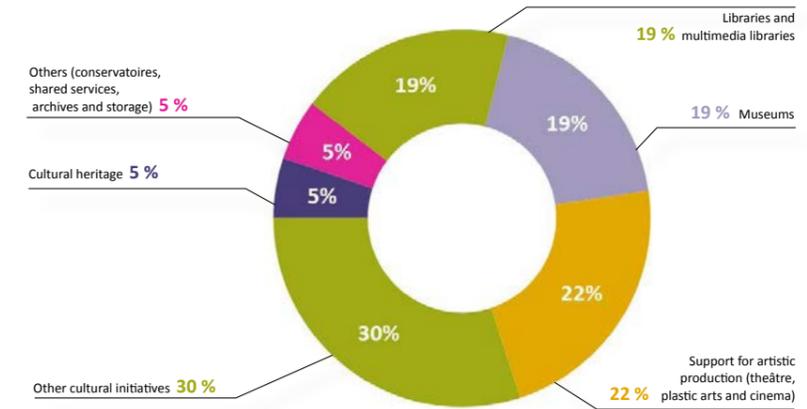
On the one hand, investments in favor of activity organizations and economic development mobilized €13.7 million. This amount included €5.3 million in subsidies planned for tests conducted under the framework of the strategic program, "Intelligent and sustainable Paris," and €2.5 million paid to innovative companies under the framework of the assistance fund "Paris Innovation Start-up" (Paris Innovation Amorçage: PIA). It also included €1.8 million paid in the form of subsidies or loans under the framework of different programs such as Arc de l'innovation, "Paris entrepreneurial initiative" and collaborative innovation projects. The public authority also mobilized €1 million in order to help Parisian concert halls through the financing of the National song, pop music and jazz center (Centre national de la chanson, des varieties et du jazz: CNV) and independent record shop owners. Lastly, construction on the Center for Solidarity and Social Economies represented €0.9 million. On the other hand, €14.7 million was invested in favor of carnivals and open-air markets. The deployment of the "Paris Business Contract" mobilized €10 million in order to boost the commercial stimulation of 12 priority zones greatly affected by vacancies, mono-activities or the absence of local businesses. In addition, €4.2 million was dedicated to the renovation of open-air markets and their facilities, including €1.4 million for the renovation of the Aligre market (12th). Lastly, the development of businesses in working-class neighborhoods mobilized €0.5 million.

Recettes

NO INVESTMENT REVENUE WAS COLLECTED IN 2017 UNDER THE "ECONOMIC DEVELOPMENT" CATEGORY. In 2016, €1.1 million had been collected under this category thanks to the repayment of an advance made to the SEMAEST for their implementation of the "Paris Business Contract."

4/ CULTURE

CONSOLIDATED CULTURAL BUDGET - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure including payroll	312.3	313.4	314.6
Investment expenditure	123.5	124.7	130.6
Operating revenue	62.4	62.4	68.4
Investment revenue	11.9	12.9	15.2
	12.1	2.4	10.9

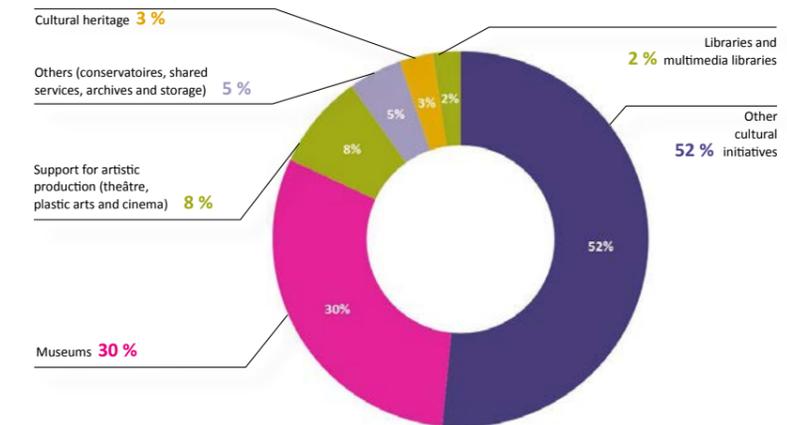
OPERATIONAL SECTION

Expenditure

IN 2017, THE OPERATIONAL CULTURAL BUDGET AMOUNTED TO €314.6 MILLION, INCLUDING €130.6 MILLION FOR PAYROLL.

Personnel expenditure in the cultural domain increased by €5.9 million (+4.7%) due to the hiring of more staff related to the opening of new libraries, Sunday business hours for libraries and the addition of new conservatoires and the musical introduction program. Excluding payroll, operating expenditure related to culture amounted to €184 million, a decrease of 2% compared to the 2016 AA for temporary reasons.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



Expenditure dedicated to “cultural projects” represented €100.1 million in the 2017 AA, a decrease of 3% compared to the 2016 AA. €97.4 million of this expenditure corresponded to subsidies for cultural establishments (excluding the subsidy to the Paris Museum public establishment). This amount was €3.3 million less compared to the 2016 AA, particularly due to the €3-million decrease in the subsidy to the Châtelet theater, closed for renovations.

With €55.9 million, **museums** represented the second entry for cultural expenditure, stable compared to 2016. This expenditure mainly included the subsidy to Paris Museums (€54.8 million), as well as compensation for the transfer of the Parisienne de Photographie public service (€1 million) and miscellaneous expenses for the Maison européenne de la photographie museum (€0.1 million).

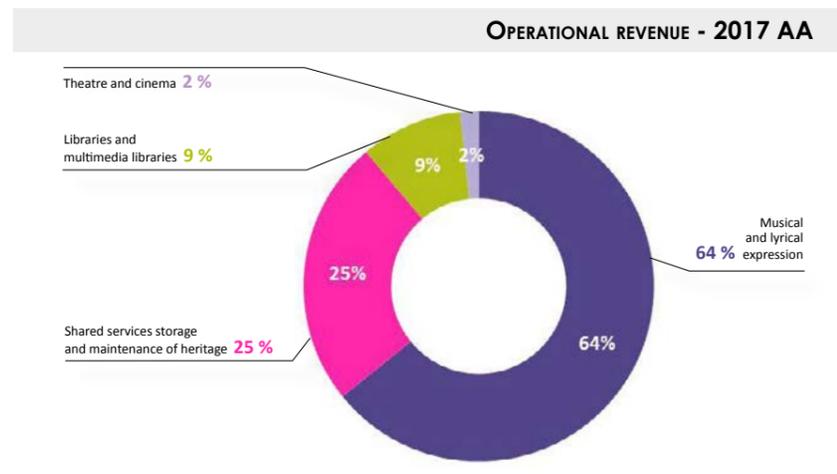
Support for artistic creation represented €15.1 million, a decrease of €0.6 million compared to 2016. This included an envelope of €7.6 million dedicated to subsidies paid to cinemas and auditoriums as well as operating expenditure for theaters in the amount of €7.1 million. €5.3 million was dedicated to the upkeep of cultural patrimony, a decrease of €0.6 million compared to 2016 due to discrepancies in the execution of certain agreements.

Expenditure meant for the operation of **libraries and multimedia libraries** totaled €4.3 million in 2017, the same as in 2016.

Lastly, €3.3 million made it possible to finance **other cultural expenditure** (€3.6 million in 2016). This amount included, in particular, the joint services for the cultural affairs department in the amount of €0.5 million. On the other hand, €1.5 million was dedicated to the development of non-professional musical and artistic programs and €1.3 million was reserved for archiving services.

Revenue

OPERATING REVENUE RELATED TO CULTURE AMOUNTED TO €15.2 MILLION IN THE 2017 AA, AN INCREASE OF €2.2 MILLION COMPARED TO THE 2016 AA. THIS INCREASE WAS PRIMARILY EXPLAINED BY AN INCREASE IN ONE-TIME USAGE FEES COLLECTED ON OUTDOOR ADVERTISING BANNERS, RELATED TO THE RENOVATION OF THE SAINT-EUSTACHE AND SAINT-AUGUSTIN CHURCHES.



Operating revenue related to the sector of **artistic expression** (musical and choreographic expression, fine arts, theater and cinema) amounted to €10 million in 2017, a decrease of 11% compared to the 2016 AA (-€1.2 million).

In particular, this decrease mainly resulted from the absence of usage fees for the concession of the Cardin space. Indeed, the City made this space available free of charge to the *Théâtre de la Ville* as of 2017 and throughout its renovations (-€0.6 million). This decrease was also related to the reduced usage fee collected during the renewal of the public service delegation contract for the *Gaité Lyrique* theater (-€0.1 million) and a change in scope in the amount of €0.5 million (revenue henceforth posted under “joint services”).

The largest portion of this revenue was made up of **usage and cultural services fees** (musical instrument rentals and registration fees to conservatories and Fine Art studios), which increased by €0.1 million between 2016 and 2017.

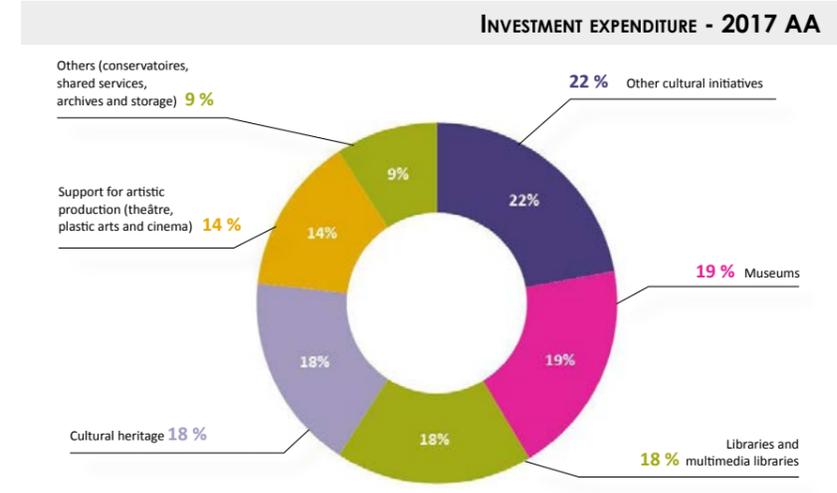
The revenue related to **libraries and multimedia libraries** reached €1.4 million in 2017, an increase of €0.2 million compared to 2016.

The usage fees collected for **patrimonial upkeep** amounted to €2.9 million in 2017.

Lastly, the revenue collected for joint services amounted to €0.9 million. In particular, this included occupational usage fees and the sponsorship of the *Nuit blanche* event for €0.5 million.

INVESTMENT SECTION

Expenditure



IN 2017, INVESTMENT EXPENDITURE RELATED TO CULTURE REACHED €68.4 MILLION

€14.5 million was dedicated to programs falling under the category “cultural projects.” In particular, €8.6 million for the facility subsidy paid to the Paris Philharmonic, €1 million in renovations for the “Amandiers” theater and €2.35 million for miscellaneous facility subsidies.

Investments for **museums** amounted to €13.2 million, with the main operations coming from the relocation of the Musée de la Libération (€3.4 million) and the renovation of the Musée Carnavalet (€2.5 million).

Libraries and multimedia libraries were allocated €12.1 million, including €4.5 million in new book acquisitions and €3.5 million for the renovation and equipment of the Assia Djebar Library (Davout Lagny neighborhood), in the 20th arrondissement.

Protecting cultural patrimony represented an investment of €12.1 million. Under the framework of the religious edifice project, €2.9 million was spent on renovating the facade of the Saint-Augustin church (8th), €1.5 million for that of the Saint-Germain-des-Prés church (6th), €1.2 million for the facades of Saint-Eustache (1st) and €1 million for the cornices of La Madeleine church (8th).

Supporting artistic creation translated into an effort of €9.6 million, particularly for the ongoing renovations of the Châtelet theater (€2.4 million) and the Théâtre de la Ville (€1.8 million).

Non-professional artistic practice benefitted from €6.2 million, including €1.4 million for renovations in miscellaneous conservatories and €1.1 million for the construction of the new conservatory for the 14th arrondissement.

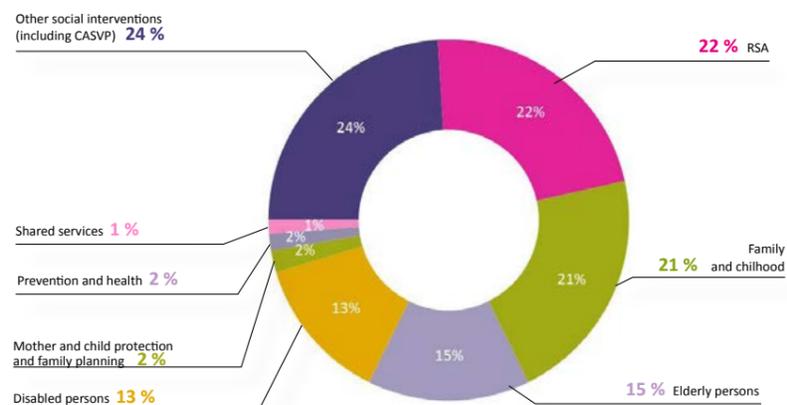
Revenue

INVESTMENT REVENUE RELATED TO CULTURE AMOUNTED TO €10.9 MILLION IN 2017.

This amount strongly increased compared to 2016 (€2.4 million) due to the collection of VAT repayments for the renovations on the *Carreau du Temple*, representing a one-time revenue of €7.6 million. The other revenue collected concerned libraries (€1.3 million from subsidies paid by the regional department of cultural affairs), the renovation of the *Théâtre du Châtelet* (€0.7 million by virtue of patronage) and the renovation plan for religious edifices (€0.4 million by virtue of patronage and €0.1 million by virtue of subsidies paid by the regional department of cultural affairs).

5/ SOCIAL WELFARE AND SOLIDARITY

CONSOLIDATED BUDGET FOR WELFARE AND SOLIDARITY - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure including payroll	1,825.2	1,824.8	1,781.3
Investment expenditure	171.8	156.6	155.8
Operating revenue	19.0	15.3	17.6
Investment revenue	155.1	145.3	113.9
	5.8	2.8	2

OPERATIONAL SECTION

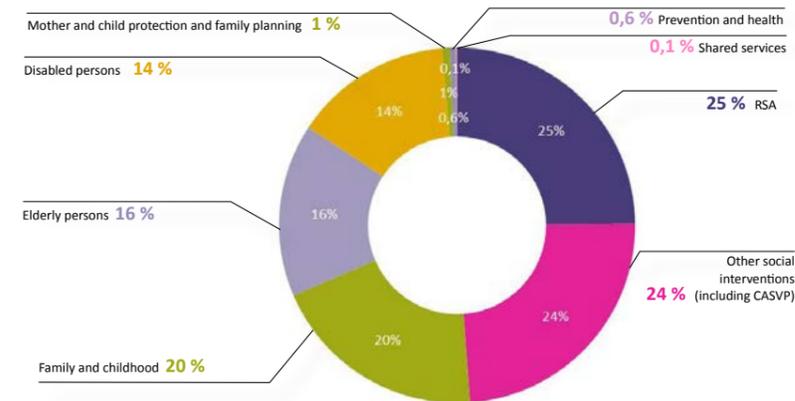
Expenditure

IN 2017, THE OPERATIONAL BUDGET FOR SOCIAL WELFARE AND SOLIDARITY AMOUNTED TO €1,781.3 MILLION, INCLUDING €155.8 MILLION FOR PAYROLL.

The year 2017 marked the first full year of the modification in scope related to the **New Paris Collective Action reform (NPS)**, which led to the transfer of payroll from the department of Paris to the City of Paris's Social Action Center (CASVP). On June 1, 2016, 309 positions were transferred from the polyvalent social services of the Department to the CASVP as part of the second wave of the NPS. This New Paris Collective Action reform made it possible to strengthen the CASVP's position as the local non-specialized social operator, in charge of overall social assistance for people in difficulty and providing instruction regarding optional municipal assistance as well as a large portion of departmental legal assistance.

In 2017, **expenditure** dedicated to social welfare and solidarity, excluding payroll, reached €1,625.5 million, a decrease of €44.8 million, mainly due to the impact of the net billing reform in establishments housing elderly and disabled people. According to this new method of billing, social welfare beneficiaries directly pay their share to the establishments, the Department only paying the remainder, net of these participations. The reform thus had a simultaneous impact on revenue – the Department ceased to collect participations from users for their accommodations – and expenditure – the Department ceased to transfer this participation from users to the establishments.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



As the main entry for expenditure, **welfare appropriations (revenue de solidarité active: RSA)** amounted to €403.9 million, a decrease of 3% compared to 2016 (-€12.5 million). Welfare allocations represented nearly 90% of this envelope, with €354.1 million paid in 2017, a decrease of €7 million compared to 2016, due to the change in the number of beneficiaries following the improvement of the economic situation. Consequently, the average number of beneficiaries went from 65,000 in 2016 to approximately 61,500 in 2017. The rest of this envelope was dedicated to the Parisian Plan for Integration through Employment (*Plan Parisien de l'Insertion par l'Emploi: PPIE*) whose expenditure decreased by €3.5 million, mainly due to the end of supplementary housing benefits from the City of Paris (*Allocation logement complémentaire de la Ville de Paris: ALCVP*), for which the former beneficiaries can now solicit Paris Housing assistance with the CASVP. In addition, expenditure related to subsidized contract employment for welfare beneficiaries decreased by €2 million due to the payment adjustment that occurred in 2016, the amount of 2017 expenditure going back to the amount from previous fiscal years (€7 million).

Child welfare represented the second highest category of expenditure, with €320.2 million, compared to €318.8 million in 2016, e.g. an increase of 0.4%. Housing fees amounted to €205.5 million, compared to €199.2 million in 2016, e.g. +3%. This change was mainly explained by the increase in the number of young migrants accepted under the assessment framework for foreign isolated minors (DEMIE) and the emergency shelter measures (DMAU). On the other hand, the number of young migrants assessed as unaccompanied minors (*mineurs non accompagnés: MNA*), and taken into care by the Department, remained basically the same as in 2016. Indeed, the law related to the protection of children⁽⁹⁾ organized the redistribution of unaccompanied minors throughout the country. At the end of 2017, 4,800 young people were taken into care, including 1,380 unaccompanied minors compared to 4,800 young people taken into care at the end of 2016, including 1,365 unaccompanied minors. Lastly, the increase in expenditure also resulted from a 2017 payment adjustment in 2016 invoices for child welfare establishments managed via the subsidiary budget for child welfare (*Aide sociale à l'enfance: ASE*).

Moreover, €16.7 million was paid for **hotel accommodations**, compared to €20.1 million in 2016. This change was explained by a decrease in the number of families taken into care (400 in 2017 compared to 470 in 2016) as well as optimizing the cost of a night's stay. As a reminder, since February 2015, the Samusocial organization is in charge of searching for hotels on behalf of the Department, which made it possible to decrease costs.

Expenditure for **child welfare temp workers** decreased by €1.4 million. This decrease was explained by the supplementary expenditure in 2016, not renewed in 2017, related to the payment of invoices from the 2015 fiscal year. The number of young people taken into care for behavioral issues and staying at hotels increased, on average, from 30 in 2016 to 36 in 2017.

The **participation in specialized prevention clubs** amounted to €26.6 million, a decrease of €0.6 million, mainly due to the transfer of financing for digital projects to the "general services" category (-€0.4 million). The year 2017 also benefited from the coordination between specialized prevention clubs, for example when the clubs Arc 75 and *Feu vert* resumed the work of the Soleil and *Jean Cotxet associations*.

Expenditure related to "other social interventions" from the City of Paris amounted to €354.8 million, an increase of 2.1% compared to 2016 (+€7.4 million). This expenditure mainly included the contribution to the City of Paris's Social action center (CASVP), which increased by 2.6% in order to reach €353 million in the 2017 AA (+€9 million). This increase was related to the full-year application of the New Paris Collective Action reform (NPS), which made it possible to group together the polyvalent social services from the Department (SSDP) within the CASVP. Once this effect was neutralized, the contribution to the CASVP displayed an increase of €1.9 million, which was mainly explained by the decrease in its own revenue, which forced it to raise, in return, the level of contributions from the local authority. Compared to 2016, the decreased revenue concerned user participations for metro passes for elderly and disabled people as well as support services at home, related to the number of people benefiting from these measures.

Other social interventions by the Department represented €35.2 million, a decrease of €0.6 million. This decrease was mainly

⁽⁹⁾ Law #2016-297 from March 14, 2016 related to child protection.

explained by the reduction in the Department's contribution to the Housing solidarity fund (*Fonds de solidarité logement*: FSL), made possible through the mobilization of the surplus accumulated from the fund in the amount of €3.5 million and the increase of €3-€4 for the contribution from landlords per accommodation in order to better distribute the responsibilities between social landlords and the local authority.

This decrease was compensated, in part, by the increase in other subsidies and participations for integration, which increased by €2.6 million in order to reach €8.5 million, mainly due to the increase in means allocated for migrant services under the framework of the action plan in favor of refugee populations adopted jointly with the Paris prefecture in October 2015. €0.7 million was also paid to the Protestant social reception center (*Centre d'accueil social protestant*: CASP) for the opening of a program meant to provide services to homeless young people. The participation to the Youth Assistance Fund amounted to €0.85 million as in 2016.

Expenditure for social welfare for the elderly and personalized autonomy benefits (APA) represented €256 million, a decrease of €22.7 million compared to 2016. This decrease reflected several actions :

- **Benefits paid for the APA** increased by €6.6 million and amounted to €135 million. This increase was explained, in particular, by the implementation of the right to respite for close family members and caretakers of the dependent elderly outlined under the law meant to adapt society to the aging process⁽¹⁰⁾. The increase in expenditure between 2016 and 2017 also resulted from a change in the management method for welfare within the National retirement insurance office (CNAV), which had generated a one-time decrease in expenditure in 2016 (-€11.8 million). These increases were partially compensated by the decrease in the number of APA beneficiaries at home, which went from 15,990 at the end of 2016 to 15,573 at the end of 2017. This trend was confirmed at the national level.
- **Assistance for housing the elderly** amounted to €115.9 million, compared to €144.3 million in 2016 (-€28.5 million). This significant decrease was mainly explained by the implementation as of January 1, 2017 of the net billing reform in the sector of housing establishments for elderly and disabled people (see developments above). In parallel, the number of beneficiaries continued to decrease with 4,850 beneficiaries in 2017 compared to 4,981 at the end of 2016. In 2017, the decrease in expenditure related to this reform was -€31 million.
- **Subsidies to organizations** increased by €3.3 million, due to the implementation of prevention measures under the framework of the conference of financers instituted by the aforementioned law. For example, in accordance with the "autonomy share" from the conference of financers, the means allocated to 30 residences were increased.

Social welfare expenditure for disabled people reached €232.2 million, a decrease of €14.6 million compared to 2016. This was broken down as follows:

- **Allowances paid for the Disability Compensation Benefit (PCH) and Third-party compensatory allocations (ACTP)** reached €59.1 million and €17.5 million, respectively, e.g. €76.5 million in total. If PCH expenditure increased by €0.8 million due to the increase in the number of beneficiaries (4,440 beneficiaries in 2017 compared to 4,230 in 2016), the third-party compensatory allocations (ACTP) decreased by €2.9 million compared to the previous year. Indeed, only the people benefitting from the ACTP before 2006 could keep this advantage, due to it being replaced by the PCH since this time.
- **Social welfare for housing and day centers** represented €150.3 million, a decrease of €12.1 million compared to 2016, mainly due to the net billing reform, which was also applied to the disability sector and which led to the decrease in housing fees for people with disabilities receiving social welfare in the amount of €15.5 million. In addition, a shift in billing on behalf of certain establishments led to the 2018 deferment of expenditure in the amount of €5.5 million. These decreases in expenditure were partially compensated through the opening, in 2017, of 126 new spots in specialized structures in Paris under the framework of the "departmental plan for the autonomy and civic rights of disabled Parisians" (+€9 million). Under the framework of the 2017 rate campaign for establishments and services for people with disabilities, 115 structures were priced for 3,451 spots (112 new spots in 2017 compared to 2016).

Expenditure related to the Department's joint services amounted to €1.4 million, a decrease of €0.8 million, mainly due to the centralization of cleaning fees for the real estate, logistics and transportation department (Direction de l'immobilier, de la logistique et des transports: DILT) characterized by the transfer of appropriations to the "general services" category (-€0.7 million).

Maternal and child protection services (*Protection maternelle et infantile*: PMI) represented an expenditure of €11.3 million, a decrease of €0.9 million compared to 2016. This decrease was mainly explained by the fact that the Health insurance office (Caisse primaire d'assurance maladie: CPAM) now directly reimburses non-profit PMI centers for vaccination expenses (-€0.5 million).

Lastly, entries related to **healthcare prevention and education services** amounted to €9 million, a decrease of €1.9 million compared to 2016, due to the continuation of the effects of the financing reform for preventing sexually transmitted diseases, which anticipates the direct financing of non-profit public centers through health insurance. Due to this operating method (longer consultations at equivalent prices), the year 2017 was marked by a decrease in the rate of visits, intensified by the renovations to the medical center on rue des Epinettes in the 17th arrondissement. This expenditure covered the appropriations dedicated to preventative medicine (€4.1 million), preventative healthcare actions (€2 million), drug addiction prevention (€1.2 million) as well as medical centers (€1.1 million). In addition, €0.5 million was dedicated to the implementation of post-terrorist attack resilience programs, particularly the "Paris Safety" program. Following the example of the year 2016, €0.3 million was paid in order to organize the daylong "Saturday Safety" event on January 28, 2017, making it possible to train 4,000 Parisians in first-aid maneuvers.

⁽¹⁰⁾ Law #2015-1776 from December 28, 2015 related to adapting society to the aging process.

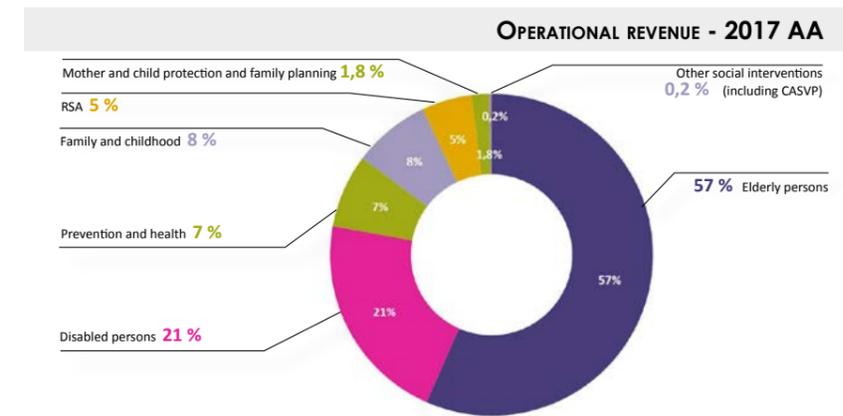
REFUGEE AND MIGRANT ASSISTANCE PLAN

The year 2017 manifested itself through the strengthening of programs conducted under the assistance plan for refugees and migrants having found refuge in the capital. The overall operational subsidy envelope to the DASES for this purpose amounted to €3 million. In particular, this envelope made it possible to continue the local authority's commitment in favor of humanitarian centers opened in 2016 and managed by the Emmaüs association: €0.9 million in operational subsidies were paid to the association in 2017 for the reception center in Paris (La Chapelle) and €0.35 million for the emergency housing center in Ivry. This envelope also made it possible to finance the France Terre d'Asile community outreach program (€0.2 million), accommodations for young foreign high school students (€0.4 million) and food aid programs (€0.6 million).

In terms of lodging needs, temporary accommodations in hotels, through priority right measures, increased and conditions for helping refugees get settled, once their situation was regularized, were also strengthened under the framework of the rental intermediation program "Rent safely and collectively," which makes it possible to temporarily lodge struggling families through the intermediary of contracted organizations, while ensuring them specific social support.

Revenue

THE REVENUE RELATED TO SOCIAL AND HEALTHCARE PROGRAMS REACHED €113.9 MILLION. THIS IS A DECREASE OF €31.1 MILLION COMPARED TO 2016, PARTICULARLY DUE TO THE IMPLEMENTATION OF THE NET BILLING REFORM IN HOUSING ESTABLISHMENTS FOR THE ELDERLY AND PEOPLE WITH DISABILITIES (SEE DEVELOPMENTS ABOVE).



Revenue related to **social welfare for the elderly** was €64.5 million in 2017, e.g. a decrease of €20.7 million compared to 2016 (€85.2 million). This decrease resulted from the effects of the net billing reform, which led to a reduction of €23.8 million in participations from users who now directly pay their housing share to the establishments in question. This reduction is partially compensated by €4 million in supplementary revenue corresponding to the reimbursement of unused CESU checks. Lastly, the APA endowment paid by the National solidarity and autonomy office (*Caisse nationale de solidarité et d'autonomie*: CNSA) remained stable compared to 2016 in the amount of €17.4 million, including €4 million in assistance from the conference of financers.

Revenue pertaining to the policy in favor of disabled people amounted to €24.2 million, a decrease of €9.2 million compared to 2016 (€33.4 million). This included €14.5 million in endowments paid by the CNSA: €13.1 million for the PCH and €1.5 million to the Departmental Center for Disabled People (*Maison Départementale pour les Personnes Handicapées*: MDPH). Collections from beneficiaries decreased by €10.4 million in order to reach €6.9 million, also due to the net billing reform.

In terms of **welfare**, €5.7 million in revenue was produced in 2017, compared to €4.7 million in the 2016 AA. This €1-million increase was explained by the combined effects of the €1.1-million decrease from undue welfare payments and the payment of an additional €2.2-million under the framework of the European Social Fund (*Fonds Social Européen*: FSE) corresponding to the balance from the previous agreement.

IN 2017, THE STATE ONLY COVERED 52% OF THE EXPENDITURE THAT IT TRANSFERRED TO THE DEPARTMENT OF PARIS FOR INDIVIDUAL SOLIDARITY BENEFITS

The remaining amount due for individual solidarity benefits (welfare, APA and PCH) corresponded to the allocation expenditure not covered by State-paid compensations. In 2017, this amount was €267 million for the Paris local authority, e.g. 48% of individual solidarity benefit expenditure.

Considering the stagnation of State-paid compensations and the increase in certain benefits, this amount increased by 4% (€11 million) compared to 2016. Consequently, the remaining amounts paid by the Department increased by €15 million for the APA and €2 million for the PCH. The decrease in the remaining balance for welfare (-€7 million) was not the result of better coverage by the State, but the reduction in expenditure due to the improvement of the economic situation.

Revenue related to **interventions in favor of families and children** amounted to €8.8 million, an increase of €1.9 million compared to 2016 due to an increase in collections carried out with other departments for the repayment of housing fees for youths receiving welfare, but not covered by the Department of Paris.

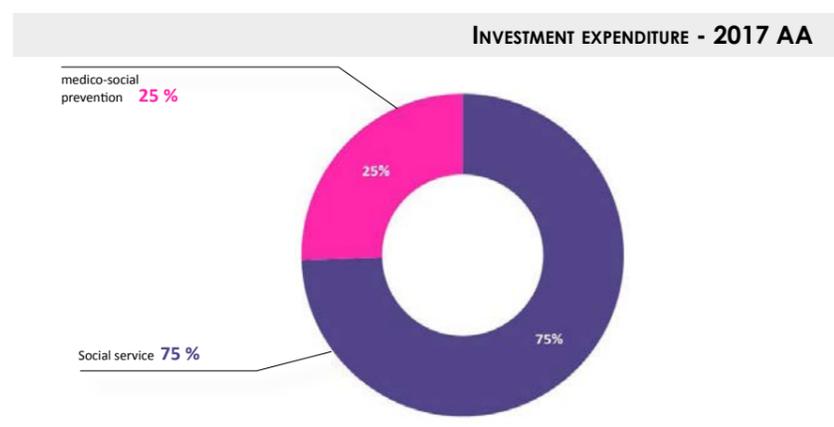
Revenue related to the **protection of mothers and children (PMI) and family planning** included participations from Social Security and mutual benefit organizations. It was executed in an amount of €2 million, a decrease of €1.5 million compared to 2016, mainly due to the new reimbursement methods for vaccinations carried out by non-profit PMI organizations..

Under the framework of **healthcare prevention and education services**, the Department collected €8.4 million in revenue, a decrease of €2.7 million compared to 2016, due to the continuation of the effects of the financing reform for the prevention of sexually transmitted diseases, which anticipates the direct financing of non-profit public centers by health insurance (see above). Overall, €3.2 million in revenue was collected for preventative medicine programs, including €2.6 million related to the prevention of sexually transmitted diseases. €4.8 million was collected by medical centers.

Lastly, the revenue from **other social interventions** amounted to €0.3 million.

INVESTMENT SECTION

Expenditure



INVESTMENT EXPENDITURE IN THE SOCIAL SECTOR AMOUNTED TO €17.6 MILLION.

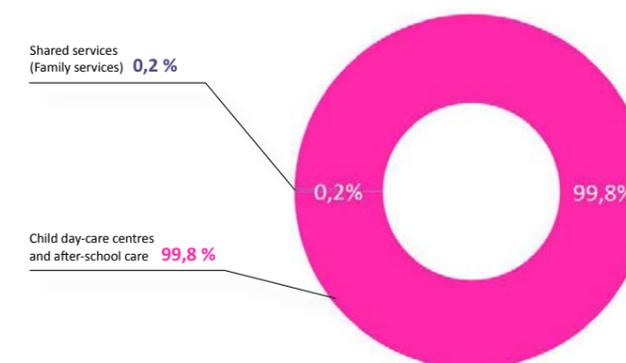
Investment expenditure in favor of medical-social prevention represented €4.5 million, including €1.8 million for renovations of the Lagny-Pyrénées PMI center, €1.2 million for maintenance and equipment expenses for PMI centers and €1.5 million for maintenance work for medical, social and integration service centers.

€13.1 million was dedicated to other social programs, including €3.7 million in subsidies paid towards renovations to housing establishments for dependent elderly people (*Etablissements d'hébergement pour personnes âgées dépendantes*: EHPAD), particularly for the Belleville EHPAD in the 20th arrondissement (€2.3 million). In addition, programs in favor of homeless people amounted to €3.3 million. Furthermore, €2.5 million was dedicated to child welfare, including €0.5 million for the relocation of the family reception services of Paris.

Revenue

INVESTMENT REVENUE AMOUNTED TO €2 MILLION and included €1.7 million under the framework of the Large Urban Renewal Project (*Grand projet de renouvellement urbain*: GPRU) "Lagny-Pyrénées – Lucie Faure Middle School" related to a PMI center and €0.2 million for the repayment of advances to the CASVP.

CONSOLIDATED BUDGET FOR FAMILIES - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure	402.6	413.3	433.1
including payroll	319.6	326.9	339.3
Investment expenditure	53.4	50.9	35.7
Operating revenue	247.7	232.7	258.1
Investment revenue	11.4	1.7	3.4

OPERATIONAL SECTION

Expenditure

EN 2017, THE OPERATIONAL BUDGET FOR FAMILIES AMOUNTED TO €433.2 MILLION, INCLUDING €339.3 MILLION FOR PAYROLL.

The early childhood sector represented one of the government's priorities. Consequently, in 2017, 17 new positions were created in order to strengthen staff in existing day nurseries and those that were newly created. The year was also marked by the full-year effect of the 174 positions created in 2016, including the 120 positions that was meant to strengthen staff in Parisian day nurseries and the 41 positions in order to open new establishments, as well as setting up seasonal backup in order to guarantee services under the best conditions during the winter.

Operating expenditure for families, excluding payroll, reached **€93.8 million**, an increase of €7.4 million compared to the 2016 AA.

Expenditure related to **day nurseries and daycare centers** represented €91.4 million in 2017 (e.g. +€7.2 million compared to 2016).

This increase reflected, on the one hand, the full-year financing of the 640 new spots made available in 2016, and, on the other hand, the 869 new spots made available in 2017 (all management methods combined), most notably in centers:

- In the 10th arrondissement, 20 new spots on avenue Claude Vellefaux;
- In the 11th arrondissement: 72 new spots on rue Bréguet;
- In the 12th arrondissement: 34 new spots on rue de Reuilly;
- In the 13th arrondissement: 60 new spots on rue de la Colonie and 20 new spots on the place Fahrat Hached;
- In the 14th arrondissement: 96 new spots on boulevard Jourdan;
- In the 15th arrondissement: 65 new spots on rue André Theuriet, 66 new spots on rue Falguières, and 45 new spots on rue Olivier de Serres;
- In the 16th arrondissement: 34 new spots on rue Faustin Hélie;
- In the 18th arrondissement: 9 new spots on rue Championnet, and 42 new spots on rue Baudelique;
- In the 20th arrondissement: 35 new spots on boulevard de Charonne, 15 new spots on boulevard Davout and 72 new spots on rue Stendhal.

The expenditure dedicated to **family programs** amounted to €2.4 million, an increase of €0.2 million compared to the 2016 AA. This increase resulted from continuing to implement the Parisian strategy for children and families, with, in particular, increased support for associations that intervene under the scope of family mediation.

Revenue

OPERATING REVENUE RELATED TO THE FAMILY EXCLUSIVELY CONCERNED DAY NURSERIES AND DAYCARE CENTERS. IN 2017, IT REPRESENTED €258.1 MILLION, E.G. AN INCREASE OF €25.4 MILLION COMPARED TO 2016.

It was mainly composed of participations paid by the Family Benefit Office (CAF), which amounted to €173.9 million compared to €145.6 million in 2016. This increase resulted, for the most part, from the increase in the number of day nurseries, which automatically increased participation from the CAF in terms of two assistance components (one-time services – prestation de services uniques: PSU – and childhood/youth services – prestation de service enfance jeunesse: PSEJ) as well as the annual increase in one-time services (PSU) of up to 3% in 2017. In addition, the local authority collected the PSU balances from the years 2014, 2015 and 2016.

Family participations also represented €83.6 million, e.g. a 2%-decrease compared to 2016 (€1.8 million). This drop is mainly explained by the progressive completion of the collection of past debts related to the establishment of the Facil'familles program. Indeed, in 2016, the closing of the government-controlled DFPE, prior to the establishment of Facil'familles, had caused a one-time increase in the collection of user participations for day nurseries and daycare centers related to the recuperation of payment in arrears..

INVESTMENT SECTION

Expenditure

IN 2017, THE CITY INVESTED €35.7 MILLION IN FAVOR OF EARLY CHILDHOOD.

This decrease compared to the 2016 AA (-€15.1 million) is related to the investment cycle.

€17.3 million was dedicated to renovations in **day nurseries and daycare centers**, particularly for the following operations:

- the Saint-Blaise collective day nursery and drop-in daycare center (20th) : €2.5 million;
- the Caserne Reuilly collective day nursery (12th): €2.3 million;
- the collective day nursery on rue Denoyez (20th): €2.2 million;
- the collective day nursery on place Possos (16th): €1.9 million.

The maintenance and equipment for day nurseries mobilized €11.3 million, including €7.3 million for local interest projects.

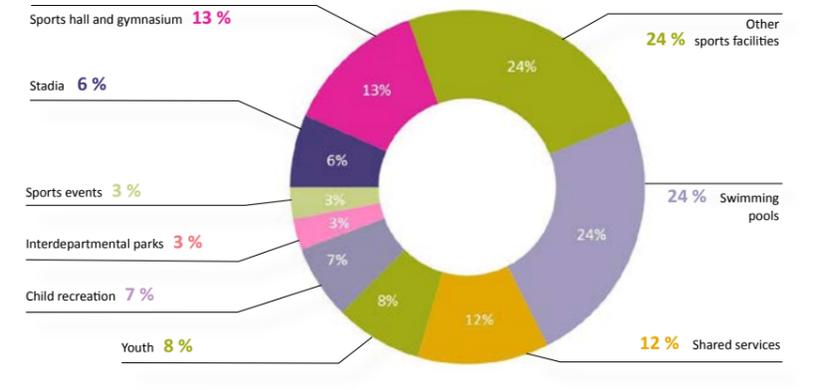
Lastly, €7.2 million in **facility subsidies** was paid to non-profit day nurseries, including €1.8 million to the Fondation Oeuvre de la Croix Saint-Simon, €0.7 million to the Crescendo organization, €0.5 million to the Léo Lagrange organization and €0.5 million to the AJHIR organization (Aide jeunes handicapés intégration réussie).

Revenue

INVESTMENT REVENUE RELATED TO EARLY CHILDHOOD AMOUNTED TO €3.4 MILLION IN 2017, E.G. DOUBLE THE AMOUNT COLLECTED IN 2016.

This corresponded to subsidies paid by the Family benefits office for facilities in the process of construction or newly finished such as the collective day nurseries on rue Stendhal in the 20th arrondissement (€0.7 million), in the Gare d'Auteuil social housing in the 16th arrondissement (€0.6 million) or Saint-Blaise in the 20th arrondissement (€0.4 million).

SPORTS AND YOUTH CONSOLIDATED BUDGET - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure	214.3	214.8	209
Including payroll	122.1	123.4	126.4
Investment expenditure	59.3	74.2	74.5
Operating revenue	96	100.6	116.8
Investment revenue	1.2	3.7	6.5

OPERATIONAL SECTION

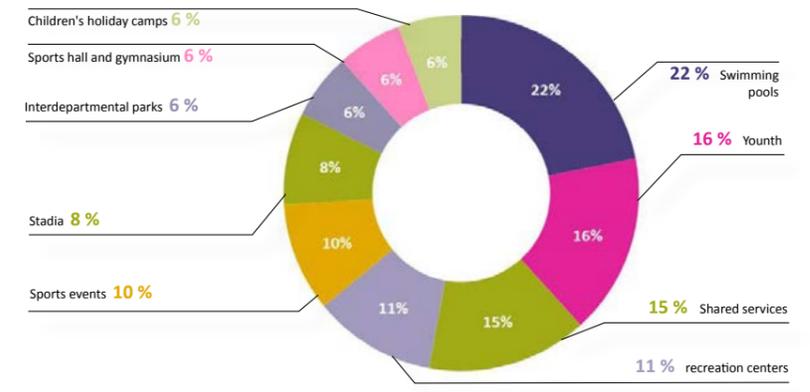
Expenditure

IN 2017, THE OPERATIONAL BUDGET FOR SPORTS AND YOUTH AMOUNTED TO €209 MILLION, INCLUDING €126.4 FOR PAYROLL.

In 2017, 23 positions were created for the opening of the mobile pool at the Emile Anthoine athletic center (15th arrondissement) as well as for the Baron-Leroy gymnasium (13th arrondissement).

The operational budget dedicated to sports and youth, excluding payroll, amounted to €82.6 million in 2017, e.g. a decrease of €8.9 million compared to 2016, due to the end of appropriations related to the organization of the 2016 Euro Cup (-€6.6 million) and scope effects (movement between the general budget and the special arrondissement budgets for youth and innovative facilities for an amount of -€1.6 million).

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



Pools represented €18 million, a decrease of €0.3 million. This slight drop is explained by the 2016 expenditure, which was no longer applicable in 2017, related to damages that occurred in 2016 (leaks in the Jean Taris and Lenglen pools). The charges resulting from externalized contracts for pool management represented €14 million.

Youth activities represented €13.6 million. The €1.6-million decrease compared to 2016 is due to a technical transfer from the general budget towards the special arrondissement budgets related to the financing of youth spaces and centers located in the 18th (Mont Cenis), 20th (Davout), 19th (Flandres) and 11th (Belleville/Orillon) arrondissements for €1.2 million as well as the financing of innovative reception facilities located in the 10th, 13th and 18th arrondissements for €0.4 million.

Within this sector, subsidies paid to youth programs represented €2.2 million and concerned, in particular, programs working to prevent school dropouts and delinquency.

The management contracts for youth facilities including the *Les Halles* community center and the property rentals for Paris youth community centers and spaces represented €1.6 million. In addition, €1 million was dedicated to event organization (*Paris plage*, *Charléty sur neige*, *Charléty fait son cirque*) compared to €0.96 million in 2016, this increase being explained by the two-month prolongation of Paris plage.

Expenditure dedicated to athletic activities amounted to €7.9 million, an increase of €0.4 million compared to 2016. This mainly concerned the Ateliers Bleus Sportifs (€3.7 million) and transportation fees (€1.5 million).

Lastly, €0.9 million was dedicated to regular operational fees.

Joint services, which regroup operational fees for the department of youth and sports (Direction de la jeunesse et sport: DJS), and subsidies for local sports and high-level clubs, represented €12.1 million in 2017, including €2.5 million in operational fees for the Department of Youth and Sports (DJS) and €8.9 million for subsidies to local clubs and high-level sports teams for €5.5 million and €3.3 million, respectively. €0.9 million was dedicated to the purchasing of tickets for athletic events. Compared to 2016, this expenditure decreased by €0.5 million mainly due to the end of the Parisian contribution to the financing of the Paris Levallois basketball team (-€0.42 million).

Expenditure related to **major international sporting events** amounted to €8.2 million, a decrease of €6.6 million compared to 2016 due to the end to appropriations pertaining to the organization of the 2016 Euro Cup. This expenditure mainly concerned the financing of the "Olympic days" on June 23rd and 24th as well as support for Paris's candidacy for the 2024 Olympic and Paralympic Games. In addition, €0.6 million concerned the payment of subsidies for the organization of the hockey and wrestling world championships as well as the 2018 Gay Games.

The expenditure related to **athletic facilities, excluding pools**, amounted to €11.8 million. This increased by €0.8 million compared to 2016 due to the increase in security fees for athletic centers (Berlemont gymnasium, Fillettes athletic center) as well as the increase in maintenance and repair expenses for stadiums. Out of these appropriations, €4.9 million was dedicated to the maintenance and management of sports halls and gyms and €6.9 million for the management of municipal stadiums.

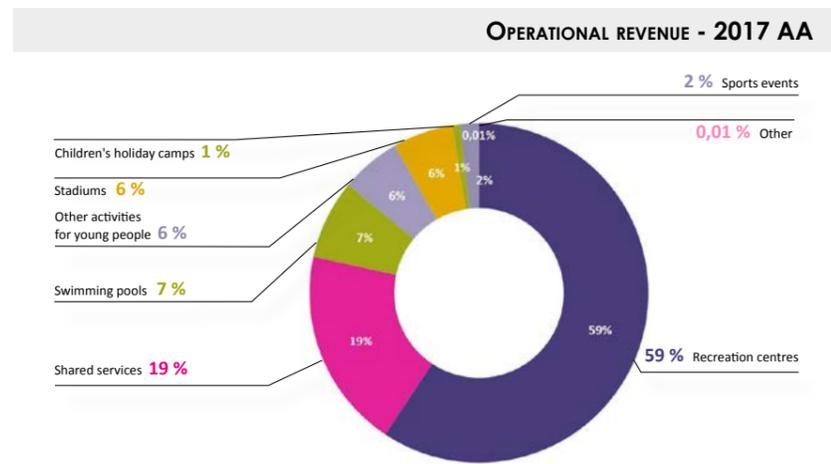
The budget allocated to operating **recreational centers** amounted to €9.2 million, an increase of €0.4 million compared to 2016. This expenditure included the following: €3 million in transportation expenses, €2.1 million in supply purchases, €1.2 million in registration fees for children activities and €0.8 million in accommodation fees.

In addition, €4.8 million financed the organization of **summer camps**, including €2.9 million related to activity and destination contracts, €1.5 million for subsidies paid to schools in order to finance holiday trips and €0.4 million for related expenses.

€4.9 million was allocated to the management of **inter-departmental parks** under the framework of agreements made with partner departments. The €0.8-million decrease compared to 2016 is related to the change in management methods for the inter-departmental park in Puteaux.

Revenue

THE REVENUE RELATED TO SPORTS AND YOUTH AMOUNTED TO €116.8 MILLION AND INCREASED BY €16.2 MILLION COMPARED TO 2016.



In 2017, the activity from **recreational centers** generated €69.3 million in revenue, e.g. an increase of €10 million. This included participations from families in the amount of €16.7 million, an increase of €1 million compared to 2016, due to the reimbursement of 2013-2016 revenue order reserves. The revenue paid by the Family benefits office amounted to €46.1 million, an increase of €9.2 million compared to 2016, due to the adjustment of revenue orders for Extracurricular activity time (*Temps d'activité périscolaires*: TAP) and childhood/youth services (PSEJ) for the 2013 to 2016 fiscal years under the framework of the certification of accounts for the Parisian local authority. Lastly, the State's participation in expenses related to the implementation of extracurricular activities under the framework of the educational rhythm adjustment reform amounted to €6.5 million, a decrease of €0.2 million compared to 2016.

Revenue related to **joint services** reached €22.3 million. This was mainly composed of state-owned occupational usage fees.

Moreover, €8.8 million in revenue related to **pools** was collected in 2017, an increase of €1.7 million compared to 2016, most notably due to the revision of municipal pool rates adopted by the Council of Paris during its session from July 2-4, 2017⁽¹⁾. €7 million in revenue was collected from facility entry fees and €1.8 million in usage fees for pools under third-party management.

Revenue from **stadiums** represented €6.7 million, an increase of €3.2 million compared to 2016. In 2017, this revenue included €1.3 million in tennis fees, €3.2 million in usage fees collected on athletic concessions and €2.2 million due to the public service transfer of the AccorHotels Arena.

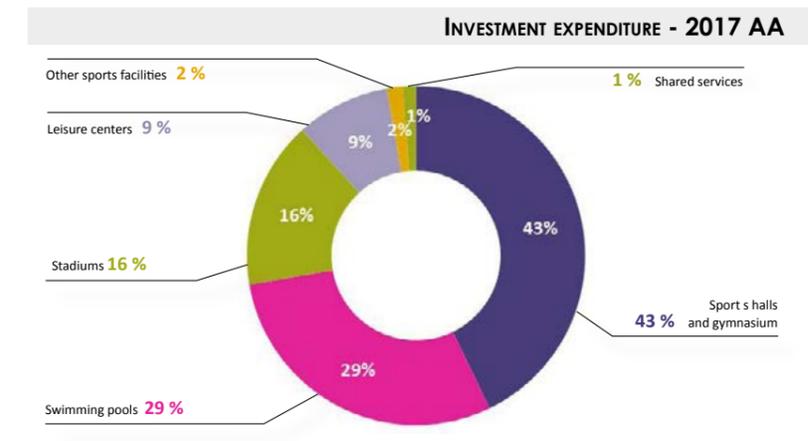
Revenue related to **sporting events** amounted to €2.1 million in 2017.

Lastly, the revenue from **other activities dedicated to youths** amounted to €7.5 million, an increase of €1.7 million, mainly due to the 2017 collection of an advance paid by the family benefits office for childhood/youth contracts in the amount of €1.5 million.

INVESTMENT SECTION

expenditure

INVESTMENTS IN FAVOR OF SPORTS AND YOUTH REPRESENTED €74.5 MILLION IN 2017.



Gyms and athletic halls represented the main investment: €31.9 million including €8.1 million for the Clichy-Batignolles gym (17th), €5.3 million for the Baron Le Roy gym (12th) and €3.9 million for the Tolbiac-Chevaleret gym (13th).

Pools benefited from €21.9 million under the framework of the "Swim in Paris" program. Pool renovations represented €12 million, including €3.2 million for the Amiraux pool (18th), €2.6 million for the Mourlon pool (15th), €2.2 million for the Elisabeth athletic center (14th) and €1.4 million for the Emile Anthoine pool (15th). The Villette swimming area (19th) was financed up to €1.3 million. In addition, pool maintenance represented €9.9 million.

The City of Paris dedicated €11.9 million to investments in **stadiums**, including €2.8 million for the Parc des Princes and €2.7 million for the Jean Bouin stadium.

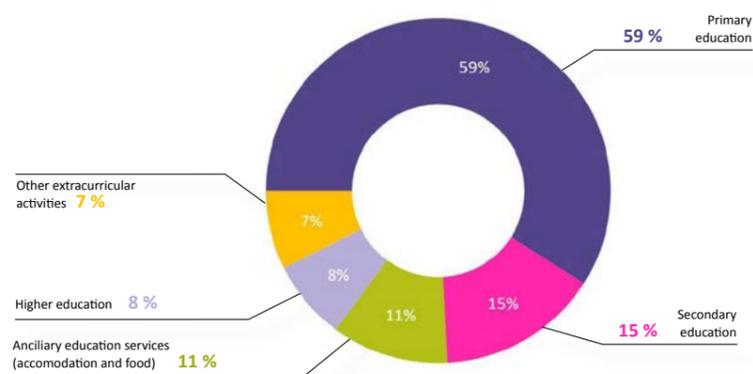
As for **youth and community centers**, €6.4 million was invested in 2017, including €2.8 million for the Clichy-Batignolles community center (17th).

Revenue

INVESTMENT REVENUE AMOUNTED TO €6.5 MILLION, INCLUDING €2.5 MILLION AS COMPENSATION TO THE CITY AS PART OF THE LITIGATION REGARDING THE JEAN BOUIN STADIUM AND €2 MILLION FROM THE NATIONAL CENTER FOR ATHLETIC DEVELOPMENT UNDER THE FRAMEWORK OF THE PARC DES PRINCES RENOVATIONS.

⁽¹⁾ Deliberation 2017 DJS 192.

CONSOLIDATED BUDGET FOR EDUCATION AND TRAINING - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure	699.3*	697.3	706.9
Including payroll	473.3	476.8	486.4
Investment expenditure	121.4	130.7	166
Operating revenue	20.5	20.9	23.5
Investment revenue	29.4	7.9	9.5

OPERATIONAL SECTION

Expenditure

In 2017, THE OPERATIONAL BUDGET FOR EDUCATION AND TRAINING AMOUNTED TO €706.9 MILLION, INCLUDING €486.4 MILLION FOR PAYROLL.

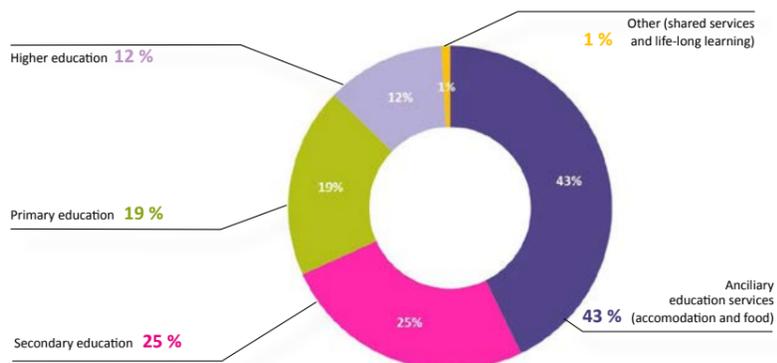
The payroll for nursery and primary schools increased due to the opening and expansion of schools (Monceau nursery school - 8th arrondissement, Clichy-Batignolles nursery school - 17th arrondissement, Bignon Lemonnier school group - 12th arrondissement).

In addition, the year 2017 experienced the full-year effect of measures taken under the framework of the Childhood/Youth Contract, which attempts to improve extracurricular programs: recruitment of 256 activity coordinators and better job security for temporary activity coordinators.

Lastly, external effects such as the index point value increase and the professional life, career and wages reform (PPCR) were particularly important in this category due to the volume of the number of civil servants.

Excluding payroll, operating expenditure related to education and training amounted to €220.5 million, a stable amount compared to the 2016 AA.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



Educational ancillary services represented the main entry for operating expenditure with €94.3 million in 2017. This included a wide variety of services, including school cafeterias, school transportation and field trips.

Expenditure for school cafeterias amounted to €73.5 million, a decrease of €0.9 million compared to 2016 due to the adjustment of subsidies to school offices under the framework of dialogue management set up in 2017, which made it possible to take into account the transfer of the 2016 surplus to the year 2017.

Other expenditure from ancillary services amounted to €20.8 million. This included, in particular, expenditure related to school activities and field trips (€19.1 million). €11.1 million was dedicated to extracurricular activity time (TAP) and €5.8 million to lodging. In addition, school transportation was financed in the amount of €2.5 million.

Primary education represented an operational budget of €41.9 million, a decrease of 5.1%. The support for private education represented €29 million, by virtue of the municipal flat fee, an increase of €0.6 million compared to 2016 due to the combined effects of the increase to the flat fee, in accordance with the agreement made with private education representatives in 2016, and the increase in the number of students. The regular operational charges (cleaning, upkeep and maintenance of the premises, school supplies, etc.) were limited to €11.8 million, a decrease of €2.9 million compared to 2016. These included the partnership and energy performance contract (Contrat de partenariat et de performance énergétique: CPPE), which represented €2.1 million (-€0.8 million) and maintenance expenses, which decreased in 2017 in favor of the deployment of alarm systems in schools as part of implementing post-terrorist attack measures (-2 million).

Expenditure dedicated to secondary education represented €56.2 million, e.g. an increase of 11% compared to 2016 (+€0.8 million), including €19.1 million in endowments and €2.7 million for building upkeep.

In addition, €5.9 million was dedicated to school cafeteria expenses in middle schools, and €2.8 million to combined middle and high schools, in accordance with the 2016 agreement made with the Ile-de-France region. The twelve municipal high schools benefited from €1.8 million (particularly €1.3 million in subsidies and €0.4 million for building upkeep). The City continues to ensure the operational charges for these 12 structures up until the 2020-2021 school year, in virtue of the agreement protocol established with the Ile-de-France region. Other operating expenditure for secondary education represented €3.1 million and concerned miscellaneous entries such as the purchasing of services (€0.8 million), operational subsidies (€1.6 million) and the purchasing of supplies (€0.1 million).

Lastly, the subsidies paid to private middle schools under contract amounted to €21.3 million in 2017, an increase of €0.9 million compared to 2016, following an increase in the "materials" and "personnel" shares in the day pupil flat fee.

The operating expenditure related to higher education amounted to €26.2 million in 2017, a decrease of 5% compared to 2016 (€27.6 million). €21.9 million was dedicated to research and higher education, including €13.6 million to the Ecole supérieure de physique et de chimie industrielle (ESPCI), €4.6 million to the Ecole d'ingénieurs de la Ville de Paris, €0.6 million to the National Center for Scientific Research and €0.9 million to the Institute of Advanced Studies. Support for student life represented €2.1 million. Lastly, €2.2 million was dedicated to the financing of art schools, an amount that remained stable compared to 2016.

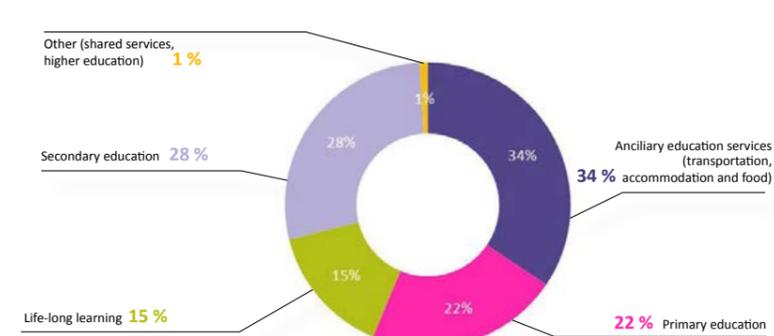
The budget allocated to joint services for the department of educational affairs amounted to €1.3 million.

Lastly, regular operating expenditure for municipal adult classes through life-long learning represented €0.6 million.

Revenue

In 2017, €23.5 MILLION IN OPERATING REVENUE WAS COLLECTED IN THE DOMAIN OF EDUCATION AND TRAINING, E.G. AN INCREASE OF €2.5 MILLION COMPARED TO 2016 (+11.9%).

OPERATIONAL REVENUE - 2017 AA



EDUCATION AND TRAINING

€8.1 million in operating revenue was collected for **educational ancillary services**, including €6 million in family participations for TAP, field trips and study periods and €2.1 million corresponding to the State's participation in educational healthcare charges and other extracurricular services.

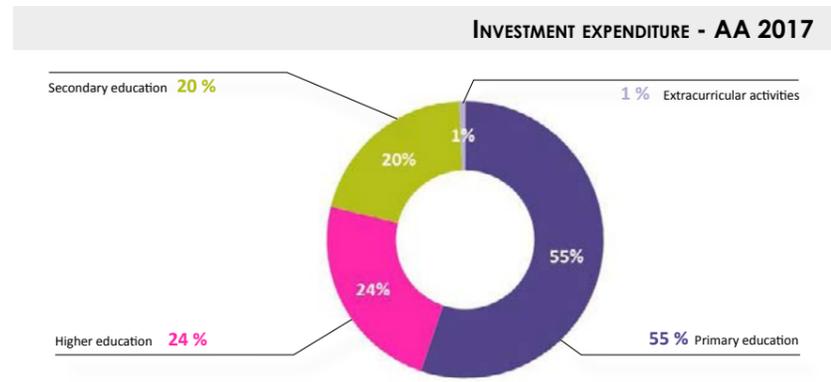
Revenue related to **primary education** was €5.1 million, including €2.8 million in rental revenue from official residences for school directors, €1.8 million for the repayment of charges and €0.5 million in revenue related to the rental of educational premises for miscellaneous activities.

Revenue related to **secondary education** was €6.6 million compared to €2.9 million in 2016. This increase of €3.7 million was particularly related to the regularization of revenue related to prior fiscal years.

Enrollment fees for **continuing education** provided in municipal adult classes represented €3.5 million, a decrease of €0.9 million compared to 2016. This decrease was related to a reorientation of measures in favor of populations receiving government-guaranteed minimums.

INVESTMENT SECTION

Expenditure



IN 2017, INVESTMENTS IN FAVOR OF EDUCATION AND TRAINING AMOUNTED TO €166 MILLION, INCLUDING €125.5 MILLION FOR PRIMARY AND SECONDARY EDUCATION. This increase of €35.3 million compared to the 2016 AA was most notably explained by the acceleration of school construction and renovation projects (+€26.6 million) as well as ESPCI's reorganization (+€5.4 million).

Primary education represented the main investment entry with €91.5 million.

Maintenance and school facilities represented €53.7 million, most notably with €19.7 million for local interest projects, €15.9 million for energy-related renovations, €6.8 million under the framework of the participatory budget and €4.6 million for safety renovations.

New schools and renovation projects benefited from €37.8 million. Consequently, €13.9 million was dedicated to the construction of two schools in the Clichy-Batignolles joint development zone, €8 million for the renovation of the Dupleix-Amette school group (15th), €2.5 million for the construction of the elementary school on rue de Torcy (18th) and €2 million for the reorganization of the Erlanger school (16th).

Expenditure in favor of **secondary education** represented an investment of €34 million, including €18 million for major reorganization projects and €15.9 million for maintenance and facilities for middle schools and combined middle and high schools. The main projects concerned the Claude Chappe middle school in the 19th arrondissement (€4.4 million), the Lucie Faure middle school in the 20th arrondissement (€4.1 million) and the Gabriel Fauré middle and high school complex in the 13th arrondissement (€4 million).

Investment expenditure for **higher education** amounted to 39.2 million. The main expenditure concerned the renovation, relocation and facilities for ESPCI (€24.1 million). In addition, the security renovations made to the Les Cordeliers campus mobilized €4.4 million.

In addition, the Parisian local authority supported research with the payment of €3.1 million in facility subsidies and the investment of €1.8 million for researchers' accommodations in the Cité internationale universitaire de Paris.

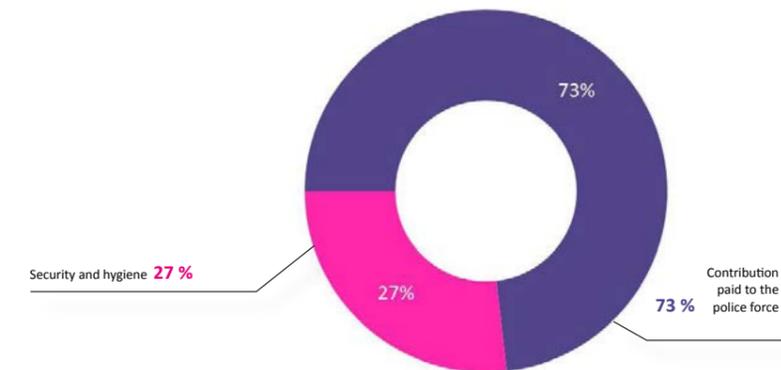
Lastly, €1.3 million in investment expenditure concerned **extracurricular activities**.

Revenue

INVESTMENT REVENUE AMOUNTED TO €9.5 MILLION, INCLUDING €7 MILLION FOR SECONDARY EDUCATION AND €2.5 MILLION FOR PRIMARY EDUCATION.

The departmental equipment endowment for middle schools represented €5.8 million while €1.5 million came from the Paris board of education's participation in providing elementary schools and middle schools with digital equipment.

CONSOLIDATED BUDGET FOR SECURITY - 2017 AA



IN MILLIONS OF €	2015 AA	2016 AA	2017 AA
Operating expenditure	350.4	360.1	385.9
Including payroll	50.4	59.4	86.2
Investment expenditure	7.6	27.9	18.7
Operating revenue	1	0.7	3
Investment revenue	1.4	1	0.5

OPERATIONAL SECTION

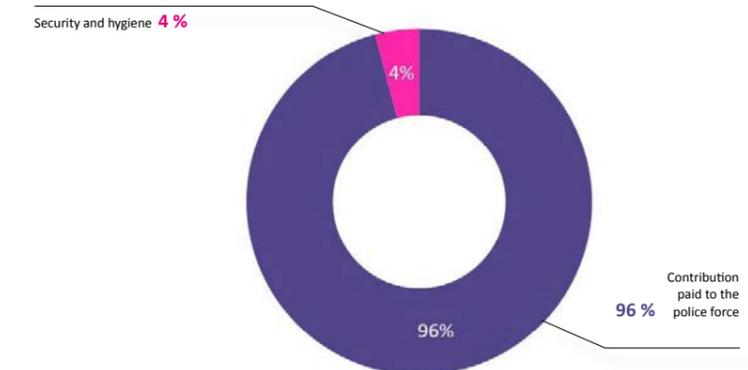
Expenditure

IN 2017, THE OPERATIONAL BUDGET FOR SECURITY AMOUNTED TO €385.9 MILLION, INCLUDING €86.2 MILLION FOR PAYROLL.

This budget significantly increased compared to 2016 (+€25.8 million, e.g. +7.2%). Indeed, in order to improve the City of Paris's work in terms of sanitation and the safety of public spaces, the means dedicated to fighting against antisocial behavior were regrouped within the department of prevention, security and protection (DPSP) as of September 2016. The year 2017 was the first full year of this reform's implementation. In addition, on July 1, 2017, 29 agents from the police prefecture, assigned to fighting against noise and olfactory pollution, were incorporated into the City of Paris under the framework of the reform on the status of Paris.

Operating expenditure excluding payroll for security represented €299.7 million in the 2017 AA, a decrease of €0.3% compared to 2016 (-€1 million). However, it is necessary to remember that a portion of the contribution paid to the police prefecture finances personnel expenditure.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2017 AA



The main expenditure supported by the City for security was the **contribution paid to the police prefecture**. This amounted to €287.4 million in the 2017 AA, an increase of 1% compared to 2016 (+€3.5 million). This increase resulted from hiring 50 additional

firefighters in January 2017 as well as the external effects having an upward impact on payroll (index point increase, RIFSEEP and PPCR reforms).

Excluding contributions to the police prefecture and payroll, **expenditure for public safety and hygiene** represented €12.3 million, a decrease of €4.5 million compared to the 2016 AA, which was mainly explained by a modification in the financing method for the Parisian Landlord Surveillance Association (GPIS).

Indeed, the subsidy paid in 2017 to the **GPIS** amounted to €0.8 million, compared to €4.8 million in 2016, the balance now being covered by the different members of the association, in particular Paris Habitat and the Real Estate Authority for the City of Paris (RIVP).

Security expenditure represented €9.6 million, an increase of 2% (e.g. +€0.2 million) compared to 2016, most notably due to the opening of three new sectors as part of the Paris Breathe program and making the right bank of the Seine river safer, now accessible to pedestrians.

Expenditure earmarked for **hygiene and health** reached €1 million in 2017, a decrease of €0.1 million compared to 2016. This included the operational fees for Parisian environmental health services, which conducted research and monitoring projects in the fields of environmental health and public hygiene.

The **other ongoing expenditure for security** amounted to €0.9 million, a decrease of €0.5 million compared to 2016, mainly due to the scope measures related, in particular, to the centralization of appropriations for cleaning purposes (-€0.2 million) and work uniforms (-€0.2 million) under the general services category, and efforts in better management (-€0.1 million).

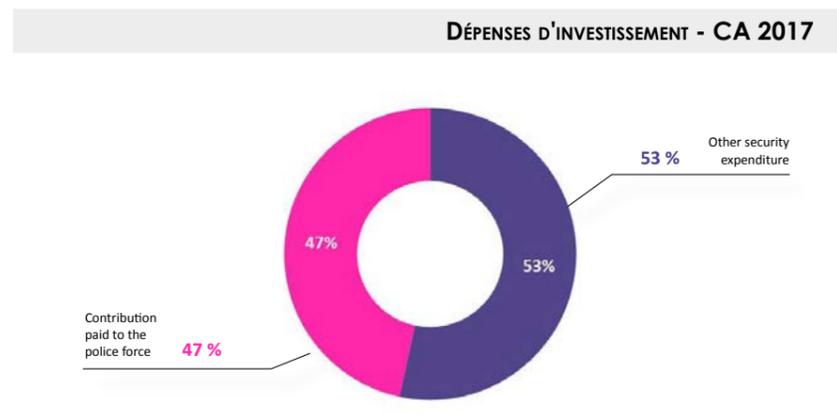
Revenue

OPERATING REVENUE RELATED TO SECURITY AMOUNTED TO €3 MILLION IN THE 2017 AA, AN INCREASE OF €2.2 MILLION COMPARED TO THE 2016 AA.

This was mainly related to the payment of a one-time subsidy from the Interministerial Delinquency Prevention Fund (FIPD), in the amount of €2.6 million, in order to roll out the second video-protection plan.

INVESTMENT SECTION

Expenditure



INVESTMENT EXPENDITURE FOR SECURITY AMOUNTED TO €18.7 MILLION IN 2017, E.G. A DECREASE OF €9.2 MILLION COMPARED TO THE 2016 FINANCIAL YEAR. This decrease was mainly explained by the €9.2-million reduction in subsidies paid to the police prefecture and the firefighter brigade of Paris (-€5 million) due to shifts in operations.

€8.7 million was paid to the police prefecture and the firefighter brigade of Paris in order to cover the renovations carried out in fire stations.

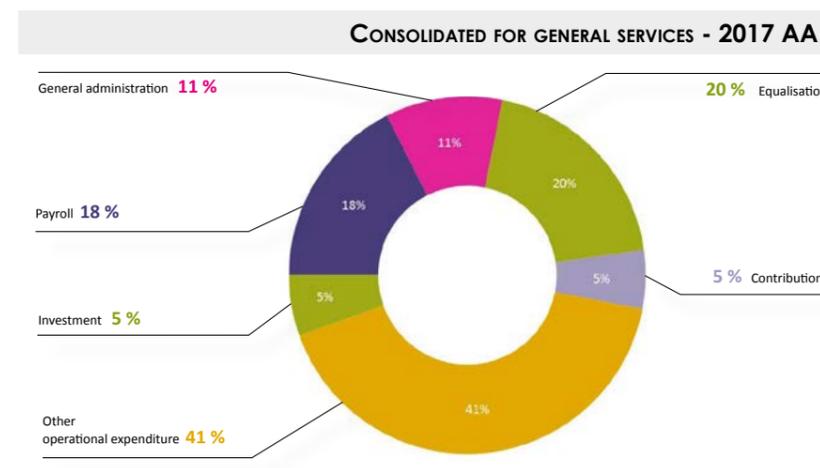
€5.9 million was dedicated to the completion of security-related renovations and the installation of anti-intrusion equipment under the framework of post-terrorist attack measures, for which €2.3 million was earmarked for primary schools.

Public hygiene projects were financed in the amount of €2.6 million.

Lastly, external fire control plans represented an expenditure of €1.5 million in 2017.

Revenue

INVESTMENT REVENUE AMOUNTED TO €0.5 MILLION FROM THE REPAYMENTS OF COMPULSORY RENOVATIONS.



Budget (excluding the balancing contribution to the Department in revenue)

EN M€	2015 AA	2016 AA	2017 AA
Operating expenditure	2,359.5	2,420.8	2,517.7
Including payroll	421.2	446.3	467
Investment expenditure	118.3	125.2	145.6
Operating revenue	6,228	6,331	6,467.1
Investment revenue	212.2	143.8	147.6

METHODOLOGICAL PRECISION:

The "general services" 0 category includes 'unallocatable operations' and expenditure related to 'general administration.' Consequently, included here is self-balancing expenditure ⁽¹²⁾, **expenditure resulting from the operation of public services and facilities for the local authority, equalization expenditure**, excluding the National Fund for the Guarantee of Individual Resources (Fonds national de garantie individuelle des recettes: FNGIR), and endowments for special arrondissement budgets. These three expenditure categories are detailed hereafter.

Expenditure resulting from the reconversion of Les Halles and the riverbanks, attributed to the "general services" category, was withdrawn from the presented scope and reincorporated into the "development" category. The same goes for the subsidy paid to the police prefecture, incorporated for more clarity under the "security" category.

OPERATIONAL SECTION

Expenditure

IN 2017, THE OPERATIONAL BUDGET FOR GENERAL SERVICES AMOUNTED TO €2,517.7 MILLION, INCLUDING €467 MILLION FOR PAYROLL.

The computer assistance centralization process under the department of information systems and technologies (Direction des systèmes et technologies de l'information: DSTI) was completed in 2017. This reorganization made it possible to increase the professionalization of participants and guarantee a continuity of services for all users over extended periods of time. Reprographic services were also centralized in 2017 under the department of real estate, logistics and transportation (DILT).

These scope effects, due to the centralization of resources, explain for the increase in payroll under general services.

In addition, the occasional additional charges related to the organization of elections and the transfer of unemployment expenses to the Unemployment Office was attributed to this category.

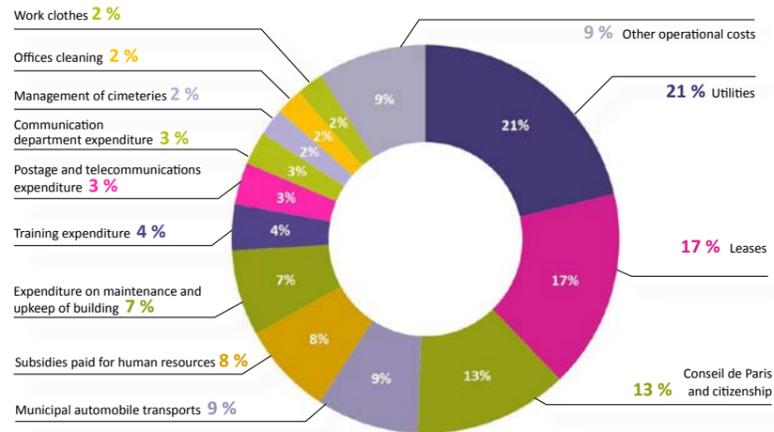
It should be noted that a portion of payroll expenditure currently attributed to the "general services" category will be, as of the year 2019, linked with the sector-specific policies under the framework of per-category budget voting.

► GENERAL ADMINISTRATION EXPENDITURE

Excluding payroll and exceptional charges, **the operational budget for general administration was €281.6 million**, compared to €268.8 million in the 2016 AA, an increase of 4.7% (€12.8 million). This increase was mainly explained by the centralization of building cleaning and maintenance appropriations as well as IT installation appropriations (+€5.8 million) and the increase in expenditure for fluids due to the transition to an all-inclusive pricing structure (+€7.7 million).

⁽¹²⁾ However, all expenditure presented in this section of the report is actual expenditure, the self-balancing expenditure being, for their part, detailed in section III of the report. The self-balancing expenditure is dedicated to accounting operations (endowments for amortizations, provisions for risks, in particular), strictly balanced between expenditure and revenue and thus without financial impact.

MAIN EXPENDITURE ITEMS (EXCLUDING PAYROLL) - 2017 AA



The main entry for expenditure was related to **fluids**, and more particularly to charges related to the consumption of water, electricity, gas and fuel for local authority facilities such as sub-contracted day nurseries, schools, cultural and athletic facilities. This entry represented a total amount of €58.4 million, an increase of €7.7 million compared to 2016 due to, on the one hand, the modification of the billing conditions leading to the transition to an all-inclusive pricing structure for certain contracts (this additional cost only occurring in the year the transition to fixed pricing takes place) and, on the other hand, reinstating dual entries for expenditure for the town halls in the 11th and 18th arrondissements.

The second entry for expenditure concerned the **rental account**, which groups together all of the rental charges and rents paid by the local authority. The rental account represented €45.4 million, e.g. a stable amount compared to the 2016 AA.

The third entry for expenditure was related to **civic duties and the Council of Paris's operations**. This expenditure amounted to €35.2 million, compared to €33.3 million in 2016, e.g. an increase of €1.9 million, mainly related to the organization of the presidential elections on April 23rd and May 7th and the legislative elections on June 11th and 18th, 2017. This envelope also included compensations, expenditure for programs and the training of arrondissement mayors, deputy mayors and advisors in the amount of €17.2 million and the subsidy paid for the Council of Paris's organization and operations (€3.7 million).

Expenditure for **vehicle rentals used for municipal automobile transportation purposes** (for which the charges are isolated in an annexed budget), amounted to €23.4 million, compared to €24.4 million in 2016. This one-million-euro reduction mainly resulted from savings carried out on the purchasing of services.

Subsidies paid to human resources, for the financing of dining and social work services amounted to €21.2 million, an increase of €1.2 million compared to 2016, including €11.6 million to the social action association in favor of personnel and the city of Paris as well as the department of Paris for civil servant dining services (ASPP) and €9.5 million for the AGOSPAP.

Maintenance expenditure (IT maintenance and building upkeep, mainly) represented €19.7 million, an increase of €1.9 million compared to 2016 due to the centralization of maintenance appropriations for technical installations and associated regulatory inspections, which generated a transfer of funds towards the "general services" category in the amount of €1 million, and the centralization of certain IT appropriations for €0.9 million.

Training expenditure for the local authority, excluding fees engaged under the framework of access to employment (see the category "economic development"), amounted to €10.5 million. The €0.4-million increase compared to the 2016 AA was explained by the implementation of a specific telephone platform for deaf and partially deaf civil servants.

Expenditure for postage and telecommunications amounted to €9.6 million, e.g. an increase of €0.3 million compared to 2016. This increase was related to the payment of postage for some of the mail for the Social action center for the City of Paris (CASVP), compensated in revenue, as well as the postage fees related to the organization of the 2017 elections, covered by State revenue.

Expenditure from the communications department for the year 2016 was €7.6 million, a decrease of €1.1 million compared to 2016. This amount included, in particular, the expenditure related to service contracts made with companies (€2.2 million) decreasing by €0.7 million due to the non-renewal of Christmas carousel contracts as well as the reduction in the budget allocated to the Banks of the Seine, catalogue and printing fees (€1.8 million), a decrease of €0.2 million due to the re-internalizing of graphic design fees and savings made on public relations for the Paris Plages and Nuit Blanche events, and participations in travelling carnivals and exhibitions (€0.5 million). Lastly, expenditure related to exhibitions amounted to €0.5 million, a decrease of €0.1 million due to the re-employment of decorative elements for the two exhibitions organized by the department. Lastly, the transfer of the 3975 digital platform to the DDCT as well as a decrease in expenditure related to Paris numérique explained for a reduction of €0.2 million.

Charges related to **cemetery management** represented €6.3 million in 2017, a decrease of €0.2 million compared to 2016. These mainly included €1.6 million for funeral operations, which monitor funeral delegations (funeral homes and the Père Lachaise crematorium).

Total **legal expenditure** for the Parisian local authority represented €3.7 million, a slight increase compared to 2016 (+€0.1 million). This mainly included €2 million in favor of accessing legal services and €1.7 million for deeds of sale as well as attorney and notarial service fees.

The subsidies paid to the departmental coalitions for trade-union organizations and the administrative commission for the Labor Exchange reached €2.8 million in 2017, e.g. a stable level compared to 2016.

The "general services" category included, in addition, expenditure for purchasing **work uniforms** for civil servants from the technical departments, in the amount of €6.2 million.

It also included **other regular management charges for the administration** in the amount of €37.5 million, including the cleaning fees for premises (€6.5 million), which increased by €3.9 million due to the centralization of cleaning appropriations within the department of real estate, logistics and transportation (DILT). The year 2017 was also marked by the cleaning service public contract for the Morland site up until it closed, the opening of a portion of the Bédier Ouest building as of the month of July and handling the coordination of the trash bins for the Audubon Bercy sector.

► **EQUALIZATION EXPENDITURE**

Equalization expenditure (excluding the FNGIR) reached €519.8 million compared to €491.4 million in the 2016 AA. Consequently, this increased by 5.8% (+€28.4 million) due to:

- The €27.1-million increase in the contribution to the two **equalization funds for the transfer of property against payment (DMTO)**, for which the total amount reached €118 million (+30%), which was explained by the increase in revenue collected for the DMTOs between 2015 and 2016;
- The €10-million increase in the contribution to the **solidarity fund for municipalities in the Ile-de-France region (FSRIF)**, which reached €171.4 million. Thanks to horizontal equalization measures specific to the Ile-de-France region, the FSRIF's objective is to assure the redistribution of wealth between the region's municipalities. Its amount is set each year by law (€310 million in 2017);
- The €0.6-million increase in the contribution to the **solidarity fund for the departments in the Ile-de-France region (FSDRIF)**, which reached €28.3 million;
- The €0.07-million increase in the contribution to the **equalization fund for the CVAE**, which amounted to €27.7 million.
- The €9.4-million decrease in the **national equalization fund for intercommunal and municipal resources (FPIC)**, which reached €174.5 million in 2017 due to contribution-capping mechanisms for different funds

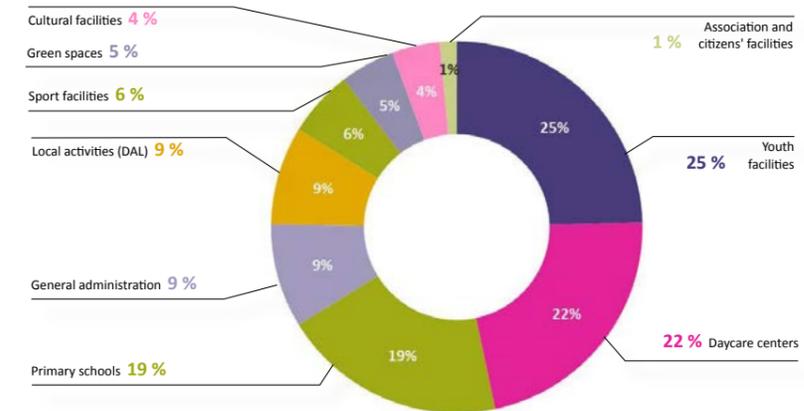
► **ENDOWMENTS TO SPECIAL ARRONDISSEMENT BUDGETS (ÉTATS SPÉCIAUX D'ARRONDISSEMENTS: ESA)**

Endowments paid to special arrondissement budgets amounted to €140.8 million in 2017 (+€0.4 million compared to the 2016 AA).

This slight increase was explained by the changes to contracts for youth facilities, as well as the increase in expenditure related to urgent renovations on local facilities.

Thus, the local management endowment for ESAs reached €128.7 million compared to €128.5 million in 2016. The local activity endowment reached €12 million compared to €11.8 million in 2016.

EXPENDITURE DISTRIBUTION OF OPERATIONAL GRANTS PAID TO ARRONDISSEMENT OPERATIONAL BUDGETS IN 2017



► PARIS'S INTERNATIONAL INFLUENCE

The budget allocated to **international relations** reached €5.6 million compared to €5.5 million in 2016. This budget mainly included subsidies, in the amount of €4.8 million, an increase of €0.2 million compared to 2016. In particular, €1.8 million was dedicated to associations related to AIDS prevention and international medical support. The remaining subsidies represented emergency assistance or support for formative projects in the cultural and solidarity sectors or in relation to French-speaking countries.

► EXCEPTIONAL CHARGES

The **charges** amounted to €30.9 million, an increase of €11.7 million compared to the 2016 AA. These included, in particular, the €10-million mandate under the framework of the implementation of the transactional protocol between the City of Paris and the Department of Culture, related to the former national museum for folkloric art and traditions (balanced operation in terms of expenditure and revenue) as well as the cancellations of securities from previous fiscal years in the amount of €13.2 million, an increase of €1.8 million compared to the 2016 AA.

► OTHER OPERATIONAL EXPENDITURE

This expenditure amounted to €1,066 million in 2017 compared to €1,049 million in 2016. This essentially included the contribution paid to the FNGIR, which remained stable in the amount of €898.2 million.

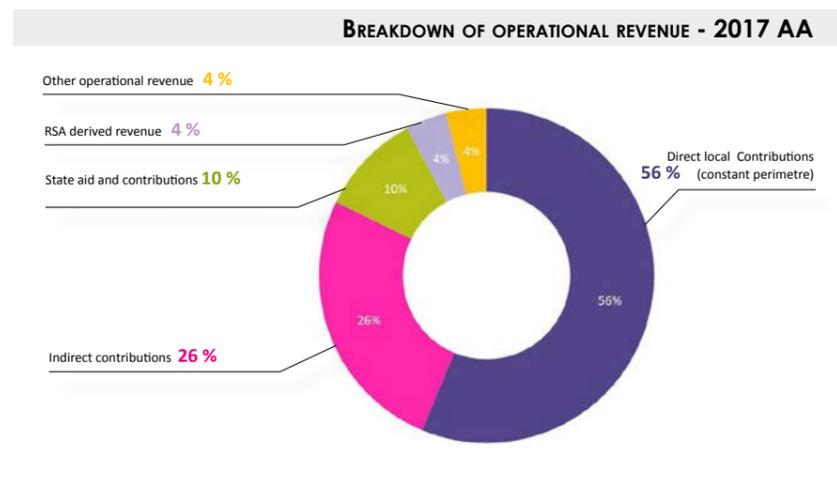
The €17-million increase between 2016 and 2017 was explained by the increase in tax restitutions following notifications from the regional department of public finances, and for which the sum amounted to €25 million in 2017 compared to €4.4 million in 2016. These tax restitution requests mainly corresponded to property tax revenue payouts following legal rulings.

This expenditure also included financial fees amounting to €133.1 million compared to €131.3 million in 2016, the participation paid to the national office for the retirement of civil servants from local public authorities (*caisse nationale des retraites des agents des collectivités locales*: CNRACL) for €3.2 million as well as debt write-offs in the amount of €3.4 million.

Revenue

The major portion of fiscal revenue and operational endowments paid by the State was attributed to the category 0, "unallocable operations." However, some taxes such as the household waste collection tax (TEOM), parking fees and a large number of participations were attributed to other categories and do not appear in this section.

THE OVERALL YIELD FROM REVENUE RELATED TO GENERAL SERVICES AMOUNTED TO €6,467.1 MILLION, AN INCREASE OF €136.9 MILLION COMPARED TO 2016.



Direct contributions amounted to €3,640 million on a comparable basis, e.g. an increase of 2.3% (€80 million) compared to the 2016 AA. Within this amount, €2,638 million was strictly related to direct contributions, and €1,002 million corresponded to compensation awards paid to the local authority by the Greater Paris Metropolis (MGP) and the Ile-de-France region.

Indeed, since January 1, 2016, the MGP has collected a portion of the economic taxes in place of the member municipalities, related to the professional transfers that need to happen between now and 2020. The fiscal resources transferred by Paris included the municipal share of the CVAE and the flat-rate tax on network companies (IFER), as well as the income from the additional property tax on developed properties (TATFPB) and the tax on commercial surfaces (TASCOM).

On the other hand, since January 1, 2017, the Ile-de-France region has collected half of Paris's departmental share of the CVAE (e.g. 25% of the total yield).

In return for these transfers, the MGP and the Ile-de-France region paid the Paris local authority compensation awards for which

the amounts are set at €527 million and €475 million, respectively. Consequently, the Parisian local authority is deprived of the dynamism associated with transferred fiscal revenue, e.g. a €42-million loss in resources in 2017 from the CVAE (€22 million on the municipal share transferred to the MGP, and €20 million on the portion of the departmental share transferred to the Ile-de-France region).

The increase in direct contributions collected in 2017 was mainly explained by the upward adjustment by 20-60% of the residential tax applicable to second homes (+€43 million), the strength of the taxable bases for property taxes on developed and undeveloped property (+€13 million) and the department's remaining CVAE share (+€18 million).

Overall, the yield from the **residential tax (taxe d'habitation: TH)** increased by €46 million, including €43 million related to the increased tax on second homes. The flat-rate increase in rental values, set at +0.4% in the initial finance law for 2017, generated a supplementary yield of €3 million in residential taxes. The spontaneous dynamics of the residential tax bases, which corresponded to the balance of constructions, demolitions and physical modifications for taxable accommodations, remained very moderate (+0.4%).

The yield from **property taxes (taxe foncières: TF)** increased by €13 million (+1.3%) including €4 million attributable to the fixed-rate increase of the bases (+0.4%) and nearly €11 million related to their spontaneous dynamics. The spontaneous dynamics of the property tax bases on developed property corresponded to the balance of constructions, demolitions and physical modifications of taxable premises (professional and residential), as well as the end to tax exemptions for temporarily exempted premises during previous financial years. The revision of rental values for professional premises did not have much effect on the dynamic of the bases in 2017 since this reform, entered into effect on January 1, 2017, was carried out with a constant fiscal yield for the local authorities, due to the application of a neutralizing coefficient on revised rental values.

Regarding the **value-added contribution for businesses (CVAE)**, two major factors are to be noted for the 2017 fiscal year. Following the provisions of the finance law for 2016⁽¹³⁾, 25% of the departmental CVAE of Paris was transferred to the Ile-de-France region for contributions paid as of 2017. This transfer was compensated under the form of an endowment paid by the region and set at the 2016 CVAE level of €475.3 million. In total, the City only kept 23.5% of the CVAE for the territory and thus lost a significant portion of the revenue from this tax. In parallel, for the portion of the CVAE kept by the department, its 2017 fiscal yield was dynamic and generated a supplementary yield of +€18 million (+4.1%).

CHANGE IN DIRECT TAXATION REVENUE (IN MILLIONS OF EUROS)

	2016 AA	2017 AA	CHANGE	%
Property taxes	1,000.48	1,013.02	+12.54	+1.3%
Residential tax	760.18	805.98	+45.83	+6%
Including residential tax increase	21.2	63.81	+42.61	+200.3%
Property taxes from companies	317.41	325.06	+7.64	+2.4%
Supplementary share	23.59	24.43	+0.81	+3.5%
Complementary share	6.10	1.62	-5.08	-73.5%
Value-added contribution for businesses	922.07	465.18	-456.89	-49.6%
Flat-rate tax on network companies	2.60	2.76	-0.16	+6.1%
Tax transfer carried out by the Greater Paris Metropolis and the region ⁽¹⁴⁾	527.14	1,002.43	+475.29	+90.2%
TOTAL DIRECT CONTRIBUTIONS, INCLUDING TRANSFERRED TAXES	3,559.56	3,640.49	+81.2	+2%

	2016 AA	2017 AA	CHANGE	%
Transfer rights	970.3	1,109.2	+138.9	+14.3%
Additional tax on transfer rights (municipal)	290.8	317.6	+26.8	+9.2%
Additional tax on certain registration rights (departmental)	12.9	14.3	+1.3	+10.4%
Tax on total electricity consumption	68.8	71.5	+2.7	+3.9%
Tourism tax	69	78	+8	+13%
Special tax on insurance contracts	58.8	68.8	+10	+17%
Gambling tax	1.6	1.2	-0.4	-23.6%
TICPE (Internal tax on the consumption of energy products)	16.1	16.2	+0.1	+0.9%
Other tax transfers	0.8	0.8	0	0.0%
Funeral taxes	0.3	0.3	0	0.0%
TOTAL	1,488.9	1,677.8	188.8	+13%

Revenue from indirect taxation amounted to €1,677.8 million compared to €1,488.9 million in 2016, e.g. an increase of 13%, due to the increase in revenue from property taxes. • The **transfer rights** (departmental tax for land registration and registration rights) collected by the Department generated a yield of €1,109.2 million, an increase of €138.9 million compared to 2016.

- The **additional tax for certain registration rights** collected by the department represented an income of €14.3 million, an increase of €1.3 million compared to 2016.
- The **additional tax on registration rights (Taxe additionnelle aux droits d'enregistrement: TADE)**, collected by the city amounted to €317.6 million, an increase of €26.8 million compared to 2016.

⁽¹³⁾ Law #2015-1785 from December 29, 2015 for 2016 finances.

⁽¹⁴⁾ Transferred by the Ile-de-France region as of 2017.

- In total, the **yield from property taxes** was €1,441 million, compared to €1,274 million in the 2016 AA, e.g. an increase of 13% (+€167 million). This change was mainly explained by the dynamism of the Parisian real estate market with the number of transactions increasing from 46,537 in 2016 to 49,841 in 2017 (+7.5%) and the change in the average price per square meter in the capital (€9,040/m² on average in the last quarter of 2017, e.g. +8.6% in one year).
- The **tourism tax** reached the amount of €78 million, an increase of €8 million compared to 2016 (+13%), considering that the number of tourists to the capital increased last year (according to the Paris Office of Tourism, hotel reservations in Paris increased by 9.9% compared to 2016 with 6.7 million French visitors and 9.1 million foreign tourists).
- The revenue from the **gambling tax** (former entertainment tax) decreased by €0.4 million in order to amount to €1.2 million in 2017.
- The yield from the **tax on total electricity consumption** amounted to €71.5 million, an increase compared to 2016 (+€2.7 million).

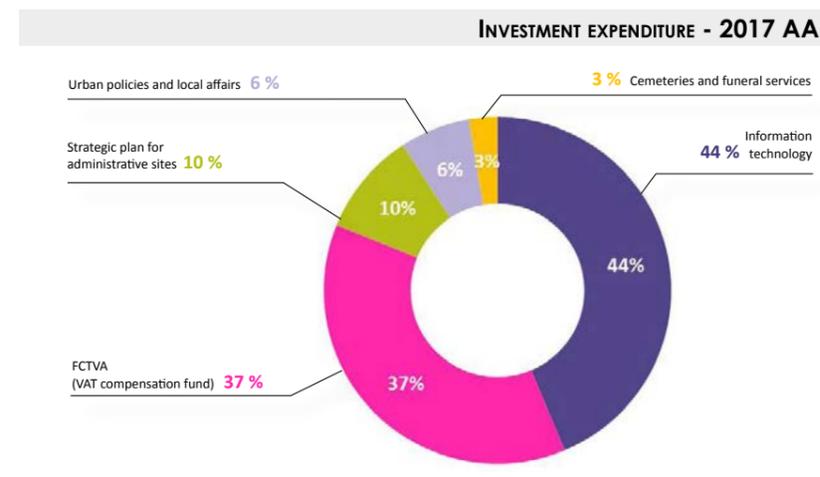
As for **State support** to territorial local authorities, this decreased by €11.5 billion between 2014 and 2017 under the framework of the contribution for the recovery of public accounts. This participation from the local authorities on the national scale represented €2.64 billion in 2017.

- The **overall operational endowment (Dotation globale de fonctionnement: DGF)** decreased by 56% (-€159.6 million) compared to the 2016 AA, going from €283.4 million to €123.8 million. By incorporating the “salary share compensation” (compensation part salaires: CPS) component collected since 2016 by the Greater Paris Metropolis and paid out via the compensation award, revenue amounted to €576.9 million in 2017 compared to €736.5 million from a year earlier.
- **Compensation endowments for tax exemptions** (€37.7 million) decreased by €6.4 million compared to 2016. The endowments for residential and property tax exemptions increased by €1.3 million (as a result of the addition of the endowment for the transfer of compensations for direct local tax exemptions collected by the departments with adjustment variables and the return to exemptions in 2016 for low-income people who were going to be taxed once again in 2015, but in the end benefited from tax reduction measures). On the other hand, compensation for economic tax exemptions (€3.5 million), some of which were adjustment variables within the State aid envelope, decreased by €7.7 million, in order to finance the increase in vertical equalization. **Compensation for the loss of the additional tax on registration rights (TADE)** for the commerce fund was virtually stable, with an amount of €1.1 million in 2017.
- The **general decentralization endowment (Dotation générale de décentralisation: DGD)** as well as the special primary school teacher endowment (Dotation special instituteurs: DSI) remained stable, with the amounts of €15.8 million and €0.2 million, respectively. In addition, since 2017 the local authority has collected an operational award under the framework of the VAT compensation fund (Fonds de compensation pour la TVA: FCTVA) for maintenance expenditure of roads and public buildings up to the amount of €8.2 million.
- The **revenue related to welfare (RSA)** amounted to €259.1 million in 2017, a virtually stable amount compared to 2016 (€259.4 million). The Department’s support of the RMI, followed by the RSA was compensated in 2017 up to the amount of 73% through the transfer of a portion of the resources from the internal tax on the consumption of energy products (Taxe intérieure de consommation sur les produits énergétiques: TICPE). This collected €246.6 million and corresponded to the right to compensation based on the expenditure engaged by the State for the RMI on December 31, 2003, then adjusted with the creation of the RSA at the end of 2008. It was supplemented by revenue coming from the departmental mobilization fund for integration (Fonds de mobilization départemental pour l’insertion: FMDI), which collected up to €12.5 million in 2017.
- **Revenue related to the local authority’s general administration** represented €252 million, an increase of 14.8% compared to 2016. Only revenue of a certain amount is described in this section.
- The **revenue related to finances and purchasing** represented €197.6 million after neutralizing the balanced operation related to the long-term lease of Porte de Versailles (see the introduction of section II “neutralizations”), more than €13.4 million compared to 2016, mainly due to the implementation of the transactional protocol related to the City of Paris and the department of Culture regarding the former national museum of folkloric art and traditions (Musée national des arts et traditions populaires: MATP – operation balanced in terms of expenditure and revenue), having resulted in the payment of €10 million. This revenue also included collections from City concessionaries (€123 million). This entry incorporated other revenue such as exceptional revenue (VAT reimbursements for €7.9 million), exceptional yields and mandate cancellations recorded in chapter 77 (€12 million) with the exclusion of transfer income, and which included mandate cancellations, as well as financial products (€13.6 million).
- The **revenue related to the reimbursement of fluids and special arrondissement budgets** represented €32.6 million, an increase of €6.7 million compared to 2016, following the reimplementation of the dual entry for fluids in the 11th and 18th arrondissements’ budgets.
- The **revenue related to human resources** represented €11.4 million.
- The **revenue collected for cemeteries and funeral home concessions** amounted to €8.2 million, an increase of €0.2 million compared to 2016.
- The **revenue paid by the European fund for economic and regional development (F.E.D.E.R.)** amounted to €2.2 million; this

was inscribed under the framework of the CORDEES project, which is working on deploying an intelligent energy network in anticipation of the development of the Clichy-Batignolle eco-neighborhood.

INVESTMENT SECTION

Expenditure



► INVESTMENT EXPENDITURE FOR GENERAL SERVICES AMOUNTED TO €145.6 MILLION INCLUDING €5.3 MILLION FOR THE INVESTMENT ENDOWMENT FOR ARRONDISSEMENT TOWN HALLS.

Investment expenditure for the general administration concerned, in particular:

- The maintenance of municipal buildings, material and furniture for €43.1 million, including €14.8 million for the modernization of thermal power stations. The €10-million increase for this entry compared to the 2016 AA was mainly explained by elevator upgrade renovations (€3 million), renovation projects and the opening of dining centers managed by the ASPP (€1.4 million) and modernization renovations for arrondissement town halls (€2.5 million);
- IT maintenance and the purchasing of equipment for €42.5 million, an increase of €8.5 million compared to the 2016 AA, particularly due to the adaptation of the IT systems as part of the reform on the status of Paris (€10.3 million);
- The last repayment for the advance from the VAT compensation fund (FCTVA) paid by the Deposits and Consignment Office in 2015 for €36.3 million;
- The merging of administrative services, in accordance with the overall strategy for administrative establishments, for €9.4 million. The relocation of services to Bédier (€3 million) and the setting up of the Brigade against antisocial behavior (€1.5 million) figured among the main accomplishments;
- Funeral homes and cemeteries for €2.6 million;
- The City’s policy for €1 million, particularly through the promotion of community vitality in working-class neighborhoods.

Revenue

Investment revenue for general services amounted to €147.6 million in 2017, including €141.6 million for endowments and €6 million for general administration.

Regarding endowments, FCTVA revenue represented €132.6 million, the development tax for €8.7 million and the revenue from fines transferred to the Department for €0.3 million.

As for revenue falling under general administration, €4.8 million was collected by the Ile-de-France region’s prefecture, as part of the support fund for local public investment, in order to set up energy monitoring systems in public buildings.

III/ ADMINISTRATIVE ACCOUNT AND TECHNICAL ENTRIES

1/ DETAILS ON BALANCED TRANSACTIONS

Sections I and II of this report present the actual budget for the City and the Department, exempt from all balanced entries in terms of expenditure and revenue, in order to convey the local authority's concrete financial effort in favor of the different policies conducted. This section deals with the other entries appearing in the 2017 administrative account.

In terms of operations, the main balanced transactions include the balanced contribution paid by the City to the Department and certain transactions registered under expenditure on the departmental budget and under revenue on the City budget (departmental bonus paid to civil servants, elected official fees and contribution to the recovery of public finances, in particular).

It is also important to note that, compared to actual operating revenue, the administrative account posted €151.8 million by virtue of transfer income (on account 775), an amount considered operational, but reincorporated into the investment section⁽¹⁵⁾: **this amount is thus presented under investment revenue.**

Added to this was €648.1 million in self-balancing expenditure, and €464.8 million in self-balancing revenue, detailed hereafter.

In addition to the local authority's actual investment expenditure (€1,407.6 million), were the following entries in the administrative account:

- €197.2 million in debt amortizations;
- €79.3 million for the municipal budget, corresponding to entries balanced in terms of expenditure and revenue for development projects and the land account, in particular;
- €464.8 million in self-balancing transactions (€380.5 million for the City and €84.3 million for the Department), described hereafter;
- €117.1 million in self-balancing transactions within the investment section (€116.4 million for the City and €0.7 million for the Department), dedicated to patrimonial projects in chapter 041, and described hereafter.

In addition to actual investment revenue (€465.8 million), were the following entries in the administrative account:

- 2-€205.4 million corresponding to the allocation of the previous results from the operational section (€127.8 million for the City and €77.6 million for the Department);
- €786.6 million in new borrowing;
- €79.3 million for the municipal budget, corresponding (just like expenditure) to the balanced entries for development projects and property transfers with installment plans, in particular;
- €648 million in self-balancing transactions (€547 million for the City and €101.1 million for the department), described hereafter;
- €117.1 million in self-balancing transactions within the investment section (€116.4 million for the City and €0.7 million for the Department), dedicated to patrimonial projects in chapter 041, and described hereafter.

2/ DEBT-RELATED TRANSACTIONS

NEGOCIATION DATE	TYPE	LENDER/ EXTENDER OF CREDIT	BORROWED AMOUNT (MILLIONS OF €)	VALUE DATE	END DATE	LENGTH IN YEARS	INTEREST RATE (%)	SPREAD / TEASURY BOND (IN BP=0.01 %)
01/24/2017	Public bond	CACIB/HSBC/SG	300	01/31/2017	02/02/2033	16	1.705	26
08/24/2017	Private bond	HSBC	26	08/31/2017	09/04/2037	20	1.579	20
09/25/2017	Bank	CEB	75	10/04/2017	10/04/2030	13	0.75	31
11/09/2017	Public bond	CACIB/HSBC/SG	320	11/16/2017	11/20/2034	17	1.428	20
11/24/2017	Public bond	BEI	71.5	12/11/2017	12/11/2037	20	1.151	-12
TOTAL			792.5			16.6	1.449	20.4

In 2017, the City of Paris was able to continue to finance itself under particularly interesting conditions by benefiting from an environment of low rates and the acknowledged reliability of its signature.

87% of the amounts borrowed in 2017 result from public issues (e.g. €691.5 million out of €792.5 million):

- the City thus carried out a "Sustainable Development" public bond issue (Sustainability Bond) for an amount of €320 million at 1.428% over 17 years, meant for the financing of projects presenting environmental and/or social benefits. In addition to promoting sustainable development, this type of operation made it possible for the City to diversify its financing sources while still benefitting from attractive financial conditions;
- the City took out a public bond issue of €300 million;
- the City also used the financing envelope proposed by the European Investment Bank (EIB) for a selection of projects related to strengthening education (€71.5 million at 1.151% over 20 years).

In addition, the City had recourse to a bank loan from the Council of Europe's development bank (CEB) for €75 million over 13 years at 0.75%.

Lastly, the City carried out a private bond issue for €26 million at 1.579% over 20 years.

The objective of smoothing out amortization charges was conveyed through long maturities and by extending average debt length, which went from 10.35 to 10.7 years.

3 / SELF-BALANCING TRANSACTIONS

Three types of self-balancing transactions are grouped under specific globalized chapters:

- self-balancing transfers between the operational and investment sections (chapters 040 and 042);
- self-balancing transactions within the "patrimonial" investment section (chapter 041);
- the transfer of the operational section (chapter 023) to the investment section (chapter 021).

The 2017 self-balancing transactions for the City and Departmental budget are the followings (operational and investment):

Chap	CITY	INVESTMENT				OPERATIONS				
		EXPENDITURE		INCOME		EXPENDITURE		INCOME		
		BUDGET ENTRIES	PROCEEDS	BUDGET ENTRIES	PROCEEDS	BUDGET ENTRIES	PROCEEDS	BUDGET ENTRIES	PROCEEDS	
040	Book entry transfers between sections (investment)	370 564 954	380 482 521	359 719 760	546 952 854	0	0	0	0	
042	Book entry transfers between sections (operations)	0	0	0	0	359 719 760	546 952 854	370 564 954	380 482 521	
041	Heritage operations	181 550 000	116 395 319	181 550 000	116 395 319	0	0	0	0	
021	Transfer from the operation section	0	0	216 197 398	0	0	0	0	0	
023	Transfer to the investment section	0	0	0	0	216 197 398	0	0	0	
TOTAL CITY		552 114 954	496 877 839	757 467 158	663 348 173	575 917 158	546 952 854	370 564 954	380 482 521	
Chap	DEPARTMENT									
	040	Book entry transfers between sections (investment)	88 110 000	84 345 837	100 700 000	101 130 712	0	0	0	0
	042	Book entry transfers between sections (operations)	0	0	0	0	100 700 000	101 130 712	88 110 000	84 345 837
	041	Heritage operations	6 400 000	682 778	6 400 000	682 778	0	0	0	0
	021	Transfer from the operation section	0	0	107 058 620	0	0	0	0	0
	023	Transfer to the investment section	0	0	0	0	107 058 620	0	0	0
TOTAL DEPARTMENT		94 510 000	85 028 615	214 158 620	101 813 490	207 758 620	101 130 712	88 110 000	84 345 837	
TOTAL BOOK ENTRY CITY AND DEPARTMENT		646 624 954	581 906 454	971 625 778	765 161 662	783 675 778	648 083 565	458 674 954	464 828 357	

A - 2017 BUDGETARY MOVEMENTS BETWEEN SECTIONS (CHAPTERS 040 AND 042)

Chap	CITY	INVESTMENT		OPERATIONS	
		EXPENSES generated	INCOME generated	EXPENSES generated	INCOME generated
040	Book entry transfers between sections (investment)	380 482 521	546 952 854	0	0
042	Book entry transfers between sections (operations)	0	0	546 952 854	380 482 521
DEPARTMENT					
040	Book entry transfers between sections (investment)	84 345 837	101 130 712	0	0
042	Book entry transfers between sections (operations)	0	0	101 130 712	84 345 837
TOTAL 040 AND 042		464 828 357	648 083 565	648 083 565	464 828 357

⁽¹⁵⁾ During a transfer, the investment section must record, on separate accounts, the initial acquisition value of the sold property, on the one hand, and the resulting capital gain or loss, on the other hand. Account 775 of the operational section is used as a pivot account in order to collect the amount of the revenue without this calculation. The reallocation to the investment section is carried out by the self-balancing transaction, such as is presented on p. 98 of this report: the initial acquisition values (€56.4 million) and the capital gains (€132.6 million), decreased by the capital losses (€37.2 million), correspond to the entered revenue (€151.8 million).

These movements focused primarily on :

1. ENDOWMENTS WITH AMORTIZATIONS AND PROVISIONS

Amortizations for fixed assets were attributed to chapter 68 (endowments with amortizations and provisions) under operating expenditure and chapter 28 (amortization for fixed assets) under investment revenue.

In 2017, the amortization of properties acquired since 1997 and the amortization of facility subsidies (paid between 1997 and 2017 for the City and between 2003 and 2017 for the Department) totaled €427.7 million, including €327.2 million for the municipal budget and €100.4 million for the departmental budget.

In addition, the amortization for bond redemption premiums, attributed to chapter 68 under operating expenditure and chapter 16 under investment revenue for the municipal budget, corresponded to the annual amortization, over the lifetime of the bond issues, of the issue premium determined at the time of their launch, the bonds being issued at a discount

Sixteen issues launched since 2007 (annual amortization over the length of the loan) justified an expenditure of €1.4 million in 2017:

- V523 - HSBC Natixis (€160 million in December 2007)
- V527 - HSBC Natixis (€155 million in December 2008)
- V529 - HSBC Natixis (€200 million in June 2009)
- V533 - HSBC (€100 million in December 2010)
- V534 - HSBC Natixis Société Générale (€140 million in December 2010)
- V538 - Goldman Sachs (€100 million in November 2011)
- V541 - Deutsche Bank (€100 million in April 2012)
- V557 - Natixis (€50-million tap issue in October 2013)
- V561 - HSBC Private investment (€50 million in April 2014)
- V562 - Schuldschein Helaba (€25 million over 9 years in April 2014)
- V563 - Schuldschein Helaba (€25 million over 15 years in April 2014)
- V566 - HSBC Investments (€70 million over 17 years in July 2014)
- V569 - Schuldschein Helaba (€40 million over 10 years in December 2014)
- V574 - Goldman Sachs Private investment (€40-million tap issue over 15 years in October 2015)
- V579 - HSBC "Climate Bond" public bond issue, Crédit Agricole and Société Générale (€300 million over 15 years in November 2015)
- V581 - HSBC Natixis Citi (€300 million over 16 years in April 2016)

Lastly, in accordance with deliberations 2017 DFA 29, 2017 DFA 83, 2017 DFA 9G and 2017 DFA 29G related to the terms and conditions for the constitution and reversal of provisions voted on by the Council of Paris during their February and November 2017 sessions, the provisions for risks and charges were the subject of a complementary provision in the amount of €19 million and a reversal of up to €6.6 million. Consequently, the established provisions brought between €9.1 million and €21.4 million to the municipal budget and between €0.1 million and €0.3 million to the departmental budget.

The provisions for questionable debts were the subject of a supplementary provision in the amount of €13.5 million and a reversal of up to €4.2 million. These movements made it possible to adjust provisions after an inspection carried out by the Regional Department of Public Finances (*Direction régionale des finances publiques: DRFIP*). Consequently, the established provisions brought between €40.7 million and €48.5 million to the municipal budget and between €17.1 million and €18.7 million to the departmental budget.

The provisions for the depreciation of fixed financial assets were the subject of a reversal in the amount of €15.9 million. Consequently, the established provisions brought back between €16.4 million and €0.5 million. The provisions for the depreciation of fixed financial assets only concerned the municipal budget.

The provisions were entered into chapter 68 under operating expenditure and chapters 15, 29 and 49 under investment revenue.

2. TRANSFER OF FIXED ASSETS

Since the M14 budgetary and accounting instruction reform occurred on January 1, 2006, the transfer of fixed assets are only budgeted under revenue in the investment section (chapter 024), but are the subject of an execution in the operational and investment sections like before.

THE FOLLOWING WERE REGISTERED UNDER THE OPERATIONAL SECTION:

- In terms of expenditure : the net accounting value for transferred fixed assets (€55.7 million on the municipal budget and €0.7 million on the departmental budget) as well as the resulting capital gains (€132.6 million on the municipal budget), e.g. a total of €189 million.
- In terms of revenue : the capital losses recorded for €36.5 million on the municipal budget and €0.7 million on the departmental budget, e.g. a total of €37.2 million.

THE FOLLOWING WERE REGISTERED UNDER THE INVESTMENT SECTION :

- In terms of revenue : the disposal of transferred fixed assets (chapter 21 and 26) as well as the resulting capital gains in the amount of €188.3 million on the municipal budget and €0.7 million for the departmental budget, e.g. a total of €189 million.
- In terms of expenditure : capital losses in the amount of €36.5 million on the municipal budget and €0.7 million on the departmental budget, e.g. a total of €37.2 million.

The main property assets transferred in 2017 were:

- "Acule de Conflans" and "Ferme de Garennes" sites - Achères (78) €24.8 million
- Building at 8-10 rue Léon Frot (11th) €8.5 million
- Co-ownership lots - buildings 1 to 8 and 12 to 14 rue François Miron (4th) €5.4 million
- Co-ownership lots in the building at 72 bd St Marcel (5th) €4.7 million

- Land parcels at 60 bd Ney (18th) €2.7 million
- Co-ownership lots in the building at 246 rue de Bercy (12th) €2.7 million
- Building at 14-16 rue Sthrau (13th) €2.4 million
- Co-ownership lots in the building at 17 rue Ruhmkorff (17th) €2.1 million
- Former public baths at 34 rue Castagnary (15th) - "Reinvent Paris" €2.0 million
- Building at 73 bd Poniatowski (12th) €2.0 million
- Building at 43 rue des Bourdonnais- 33 rue Saint-Honoré (1st) €1.9 million
- Building at 18 rue Neuve des Boulets (11th) €1.8 million
- Land parcels at 60 bd Ney (18th) €1.5 million
- Site of a current Dumpster garage - "Les Docks" joint development zone Saint-Ouen (93) €1.3 million
- Co-ownership lots in the building at 22-24 rue Jacob (6th) €1.1 million
- Co-ownership lots in the building at 132 rue Saint-Maur (11th) €1.0 million

The 2017 transfers with installment plans were :

- Spaces in the "North-South section" - Forum des Halles (1st) €20.6 million
- Spaces at 118-120 rue Rambuteau - Les Halles sector (1st) €14.2 million
- Land parcels at 82 to 90 bd Vincent Auriole (13th) €9.6 million
- Terrain located at 5 rue Pierre Bérégovoy - Clichy-la-Garenne (92) €7.0 million

2017 equity share transfers and capital reductions

In terms of the City, the equity share from the semi-public company for parking operations (SAEMES) was transferred in a total amount of €16.9 million.

As for the Department, there was a capital reduction in the *Parisienne de Photographie SPL* (local public company) in the amount of €0.7 million.

3. TRANSFERABLE FACILITY SUBSIDIES

Transferable facility subsidies were included in chapter 13 (facility subsidies) under investment expenditure and chapter 77 (exceptional income) under operating revenue.

Paid facility subsidies were included in the operational section and amortized.

For the municipal budget, these were mainly real estate acquisitions free of charge, for an amount of €41.7 million.

For the department budget, these were facility subsidies paid by the State as part of the delegation of authority for housing, in an amount of €76.7 million.

In addition, each year the departmental equipment endowment for middle schools (*Dotation départementale d'équipement des collèges: DDEC*) is the subject of a reversal, which is at most equal to the amortization endowment for educational buildings (€6.9 million).

4. SUB-CONTRACTED CONSTRUCTIONS

This operation consists in reattributing to chapters 21 or 23, under investment expenditure, the purchasing of materials and personnel expenditure that makes it possible for municipal civil servants to transform raw material into fixed assets, in the amount of €1.5 million on the municipal budget.

B - PATRIMONIAL PROJECTS

	CHAP	DESCRIPTION	INVESTMENT	
			EXPENSES generated	INCOME generated
City	041	Heritage operations	116,395,319	116,395,319
Dept	041	Heritage operations	682,778	682,778
TOTAL 041			117,078,097	117,078,097

These movements correspond to accounting entries balanced in terms of expenditure and revenue within the investment section.

For the municipal budget, this mainly concerned:

- paying back advances paid under the framework of project ownership transfers for €66.3 million (chapter 23), including, in particular, €65 million for the redevelopment of Les Halles.

- acquiring public easements free of charge for €14.7 million (expenditure under chapter 21 and revenue under chapter 13). These mainly concerned:

- The Pouchet joint development zone (17th) €6.3 million
- The Château Rouge project (18th) €2.7 million
- Roadway parcels (18th) €1.4 million

CITY ADMINISTRATIVE ACCOUNTS 2017

FINANCIAL EQUILIBRIUM

- The Amandiers joint development zone (20th) €0.7 million
- The Moskowa joint development zone (18th) €0.5 million

- incorporating project and integration fees under construction expenditure for €6.6 million (expenditure under chapters 21 and 23 and revenue under chapter 20). In 2017, the transfer of project and integration fees were followed by investments effectively carried out with expenditure incurred in 2015 and 2016. These accounting movements made it possible to incorporate nearly €7 million into the scope of investment expenditure eligible for the FCTVA, which produced €1 million in revenue for 2018.

- reinstating the annual share of capitalized rents for €6.7 million (expenditure under chapter 16 and revenue under chapter 1068). In 2016, the revenue from long-term leases signed with social landlords amounted to €360.7 million. This revenue was collected under the operational section in the amount of the first payment of rent, e.g. €6.7 million, and under the investment section for the capitalized amounts for the remaining periods, e.g. €354 million. The annual share of 2016 capitalized rents corresponding to the 2017 annuity, e.g. €6.7 million, should be reincorporated.

- integrating 2017 investment expenditure incurred for special arrondissement budgets (ESA) into the municipal patrimony for an amount of €5.4 million (expenditure under chapters 20 and 21 and revenue under chapter 21).

In addition, two bond issues carried out in 2017 were the subject of issue premiums in the total amount of €5.9 million (V593 HSBC, Crédit Agricole and Société Générale loan for €300 million in February 2017 and V596 HSBC, Crédit Agricole and Société Générale "supportable" issue for €320 million in November 2017).

For the departmental budget, these movements mainly concerned the incorporation of project and integration fees under construction expenditure for €0.4 million and the repayment of advances paid on contracts for €0.3 million.

C - THE TRANSFER OF THE OPERATIONAL SECTION TO THE INVESTMENT SECTION (CHAPTERS 021 AND 023)

The 2017 budgetary projection for the transfer of the operational section to the investment section was €323.3 million, including €216.2 million for the municipal budget and €107.1 million for the departmental budget. This transfer contributed to the self-financing generated for the current year and made it possible, in particular, to ensure the repayment of capital debt annuities. These budgetary entries are not the subject of any budgetary execution.

4) CONTRACT AUTHORITY (AUTORISATIONS DE PROGRAMME: AP)

On December 31, 2017, ongoing APs represented €14.6 billion. The €3.1-billion AP limit corresponding to completed operations was recorded in the administrative account, bringing the AP balance at the end of 2017 to €11.5 billion.

In 2017, €1.5 billion was appointed to contract authorities (actual appropriations and self-balancing transactions), bringing the total accumulated mandates on ongoing APs at the end of 2017 to €7.6 billion.

	GROSS AP STOCK ON 12/31/2017	RECORDED AP LIMITS	GROSS AP BALANCE ON 12/31/2017	ACCUMULATED PERENNIAL MANDATES ON APs AT THE END OF 2017	INCLUDING MANDATES ISSUED IN 2017
City	13,634,439,692.39	2,898,497,973.07	10,735,941,719.32	6,546,292,599.81	1,334,550,449.19
Department	2,255,819,579.89	218,798,796.79	2,037,020,783.10	1,047,502,040.18	157,780,309.12
COMBINED	14,636,415,493.39	3,117,296,769.86	11,519,118,723.53	7,593,794,639.99	1,492,330,758.31

OPERATIONAL SECTION

EXPENDITURE	REVENUE
ACTUAL TRANSACTIONS	ACTUAL TRANSACTIONS
Chapters 011, 012, 65, 656, 014	Accounts 70 to 75 + 013
66 Financial costs	76 Financial products
67 Extraordinary costs	77 Extraordinary products
Total actual expenditure	Total actual and mixed revenue
Balance actual transactions	355 125 647,55

INTERNAL TRANSFERS BETWEEN SECTION	INTERNAL TRANSFERS BETWEEN SECTION
Total internal transactions expenditure	Total internal revenue transactions
Total (actual and internal transactions)	Total (actual and internal revenue transactions)
002 Previous deficit carried over	002 Previous surplus carried over

TOTAL OPERATIONAL EXPENDITURE	5 587 894 262,71	TOTAL OPERATIONAL REVENUE	5 776 549 577,05
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OPERATIONAL RESULT	SURPLUS	188 655 314,34
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INVESTMENT SECTION

EXPENDITURE	REVENUE
ACTUAL TRANSACTIONS	ACTUAL TRANSACTIONS
Financial expenditure	Own funds from outside sources
10 Grants and miscellaneous funds	10 Grants and miscellaneous funds (except 1068)
13 Subsidies	138 Non-allocated investment subsidies
16 Loan repayment (excluding revolving credit)	27 Repayment of loans
16449 Revolving credit	Other definitive external resources
20 Intangible assets	20 Intangible assets
204 Facilities subsidies paid	204 Facilities subsidies
21 Tangible assets	21 Tangible assets
23 Outstanding assets	23 Outstanding assets
26 Contributions	26 Transfer of contributions and associated debts
27 Other financial assets	13 (except 138) investment subsidies

Facilities expenditure	Other non-definitives external resources
20 Intangible assets	163 Bond issues
204 Facilities subsidies paid	164 Loans from credit institutions (excluding revolving credit)
21 Tangible assets	16449 Revolving credit
23 Outstanding assets	165 Deposits and guarantees received
45 Transaction on behalf of third parties	168 Other loans and associated debts
Total actual expenditure	Total actual revenue

SELF-FINANCING REQUIREMENT (EXPENDITURE - REVENUE)	166 697 269,16
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INTERNAL TRANSACTIONS WITHIN THE SECTION	INTERNAL TRANSACTIONS WITHIN THE SECTION
Total	Total
INTERNAL TRANSACTIONS BETWEEN SECTIONS	INTERNAL TRANSACTIONS BETWEEN SECTIONS
Total	Total
Total (actual and internal transactions)	Total (actual and internal transactions)
D001 Balance carried over n-1	R1068 Appropriation n-1
TOTAL INVESTMENT EXPENDITURE	TOTAL INVESTMENT REVENUE

BALANCE AFTER EXECUTION OF INVESTMENT SECTION	SURPLUS	127 559 345,38
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FINANCIAL EQUILIBRIUM

OPERATIONAL SECTION			
EXPENDITURE		REVENUE	
ACTUAL AND MIXED TRANSACTIONS			
Chapters 011, 012, 65, 6586, 014	2 621 793 988,28	Accounts 70, 73, 74, 75, 013	3 027 370 153,62
016 APA	134 984 611,08	016 APA	27 293 305,70
015/017 RSA	403 884 694,88	015/017 RSA	264 701 454,35
66 Financial costs		76 Financial revenue	1 059 113,01
67 Extraordinary costs	2 646 514,22	77 Extraordinary revenue	3 185 774,55
68 Grants to reserves	2 503 330,00	78 Recovery on reserves	745 885,00
Total actual and mixed expenditures	3 165 813 138,46	Total actual and mixed revenue	3 324 355 686,23
BALANCE OF OPERATIONAL AND MIXED TRANSACTIONS		158 542 547,77	
INTERNAL TRANSFERS BETWEEN SECTIONS			
Total internal transactions expenditure	101 130 711,65	Total internal revenue transactions	84 345 836,55
Total (actual and internal transactions)	3 266 943 850,11	Total (actual and internal revenue transactions)	3 408 701 522,78
D002 Previous deficit carried over	0,00	R002 Previous surplus carried over	
TOTAL OPERATIONAL EXPENDITURE	3 266 943 850,11	TOTAL OPERATIONAL REVENUE	3 408 701 522,78
TOTAL OPERATIONAL BALANCE		SURPLUS	
		141 757 672,67	
INVESTMENT SECTION			
EXPENDITURE		REVENUE	
ACTUAL TRANSACTIONS			
DEPARTMENTAL FACILITIES (DIR. INVT.)	41 167 097,18	10 (except 1068) Own funds from outside sources	4 247 031,18
Facilities expenditure		Facilities expenditure	
20 Intangible assets	1 428 294,56	20 Tangible assets	0,00
21 Tangible assets	6 525 081,08	23 Outstanding assets	0,00
23 Outstanding fixed assets	32 404 616,66	27 Other financial assets	0,00
		274 Repayment of loans	209 335,24
018 RSA	809 104,88	018 RSA	0,00
		13 Facilities subsidies received	84 572 291,92
NON-DEPARTEMENTAL FACILITIES	110 609 837,65		
204 Facilities subsidies paid	110 609 837,65	165 Deposits and guarantees received	0,00
		204 Facilities subsidies paid	0,00
45 Works on behalf of third parties	3 573 249,48	45 Contribution by third parties to works implemented on their behalf	4 383 240,10
Financial expenditure			
165 Deposits and guarantees	0,00		
26 Contributions	308 326,81		
27 Other financial assets	0,00		
10 Grants and miscellaneous funds	2 121 798,00		
Total actual expenditure	157 780 309,12	Total actual revenue	93 411 898,44
SELF-FINANCING REQUIREMENTS (EXPENDITURE - REVENUE)		64 368 410,68	
INTERNAL TRANSACTIONS WITHIN THE SECTION			
Total	682 778,12 €	Total	682 778,12 €
INTERNAL TRANSACTIONS BETWEEN SECTIONS			
Total	84 345 836,55 €	Total	101 130 711,65
Total (actual and internal transactions)	242 808 923,79	Total (actual and internal transactions)	195 225 388,21
D001 Balance carried over n-1	0,00	R1068 Appropriation n-1	77 579 029,23
TOTAL INVESTMENT EXPENDITURE	242 808 923,79	TOTAL INVESTMENT REVENUE	272 804 417,44
BALANCE AFTER EXECUTION OF INVESTMENT SECTION		SURPLUS	
		29 995 493,65	

CONSOLIDATED FINANCIAL BALANCES 2011-2017 CITY AND DEPARTMENT OF PARIS FROM THE 2010 AA TO THE 2017 AA

IN MILLIONS OF EUROS

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	2017 AA	Variation 2016/2017
Ongoing operational revenue	7 782	7 865	7 849	8 033	7 873	8 206	8 334	2%
Ongoing management costs	6 804	7 002	7 146	7 358	7 479	7 517	7 588	1%
MANAGEMENT SAVINGS	978	863	703	676	394	689	746	8%
Financial balance	-66	-79	-93	-97	-99	-106	-112	6%
Extraordinary balance	-46	-27	-38	2	-34	-3	1	-139%
Total actual operational revenue	7 816	7 895	7 897	8 107	7 914	8 264	8 399	2%
Total operational expenditure	6 950	7 138	7 325	7 527	7 653	7 683	7 764	1%
GROSS SAVING	866	757	573	581	261	581	635	9%
Loan reimbursements (with revolving credit)	184	200	200	197	200	200	197	-1%
NET SAVING	682	557	373	384	61	381	438	15%
Actual investment revenue	495	577	671	686	621	538	466	-13%
CAPACITY TO FINANCE INVESTMENTS	1 360	1 334	1 243	1 266	882	1 118	1 101	-2%
Actual investment expenditure	1 551	1 662	1 740	1 529	1 397	1 629	1 408	-14%
Financing requirement	375	528	697	460	715	710	504	-29%
New loans	381	470	630	510	741	681	793	16%
Working capital on 01/01	285	288	230	163	213	233	202	-13%
Variation in working capital	6	-58	-67	50	20	-30	283	-1036%
Working capital on 31/12	291	230	163	213	233	202	485	140%
Outstanding debt on 01/01	2 696	2 892	3 219	3 655	4 120	4 640	5 159	11%
Outstanding debt on 31/12	2 893	3 219	3 655	4 120	4 640	5 159	5 720	11%
Variation in outstanding debt	197	327	436	466	520	518	561	8%
Capacity for financing	87,7%	80,3%	71,4%	82,8%	63,1%	68,7%	78,2%	14%

MAIN FINANCIAL RATIOS FOR THE PARIS LOCAL AUTHORITY (CITY AND DEPARTMENT)

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	2017 AA
1. NET SAVINGS RATE							
Net savings / Actual operational revenue	8,7%	7,1%	4,7%	4,7%	0,8%	4,6%	5,2%
2. DEBT INDICATORS							
Outstanding debt in capital/Actual operational revenue	37,0%	40,8%	46,3%	50,8%	58,6%	62,4%	68,1%
Outstanding debt in capital/Gross savings	3,3	4,3	6,4	7,1	17,8	8,9	9,0
Outstanding debt /Population (in euros)	1 295	1 426	1 611	1 811	2 040	2 288	2 537
3. INDICATOR OF RIGIDITY OF STRUCTURAL CHARGES							
Personnel costs/Actual operational revenue	26,3%	26,7%	26,7%	27,2%	28,1%	27,3%	27,7%
4. COEFFICIENT OF POTENTIAL TAX MOBILISATION (CITY ONLY)							
Product of direct contributions from 4 taxes (Housing tax, Property tax, Tax on undeveloped land, Corporate tax)/Fiscal potential of 4 taxes	61,1%	53,6%	53,1% ⁽¹⁾	53,3%	52,4%	53,8%	43,5% ⁽²⁾
5. TAX EFFORT (CITY ONLY)							
Product of the direct contributions from 3 taxes (housing tax, developed land tax, undeveloped land tax)/Tax potential of the 3 taxes	52,0%	45,2%	45,0%	44,9%	44,8%	44,8%	44,7%

⁽¹⁾ The 2013 ratio of the coefficient of the potential tax mobilisation was amended to reduce the FNGIR levy following the corporate tax reform

⁽²⁾ The coefficient of the potential tax mobilisation changes in 2017 according to the article R2313-2 of the CGCT, because of the creation of the "Métropole du Grand Paris" in 2016.

FINANCIAL ANALYSIS GLOSSARY

CURRENT OPERATING INCOME :

All actual operating income excluding financial and exceptional income. This includes inter alia, direct and indirect taxes, grants and contributions from the State and local authorities and fees and charges for services.

CURRENT OPERATING EXPENSES :

All actual operating expenses excluding financial and exceptional expenses. This includes inter alia, personnel costs, overhead costs, subsidies and contributions.

SURPLUS :

The difference between current operating income and current operating expenses.

GROSS SURPLUS:

The difference between actual operating income and actual operating expenses. Includes financial and exceptional balances. Gross surplus is the amount available to finance the expenses reflected in the capital section once the authorities' operating expenses have been covered. They are primarily allocated to the repayment of the capital portion of debt.

REPAYMENT OF LOANS:

The loan amount repaid during the year, which may include a reduction in the revolving credit ceiling.

NET SURPLUS:

The difference between the gross surplus and the repayment of loans. A positive net figure indicates that the authority is able to repay the principal of its debt exclusively by using the surplus of its operating revenues over its operating expenses. A negative figure indicates that the authority must allocate a portion of its investment income to debt repayments, to the detriment of the financing of investments.

ACTUAL INVESTMENT INCOME:

The sum of all investment excluding book entries, borrowings and revolving credit. It specifically includes the FCTVA, police fines and loan repayments granted by the authority.

REVOLVING CREDIT:

Revolving credit is a type of loan used as part of active debt management. Revolving credit is only drawn in the event of a cash shortfall and only creates financial expenses when used, in contrast to conventional loans.

INVESTMENT FINANCING CAPACITY:

The sum of net surplus and actual investment income.

ACTUAL INVESTMENT EXPENDITURE:

All the capital expenditures, i.e. mandated payment credit, excluding book entries and excluding loan repayments. Among others, it includes expenses related to acquisitions, works and loans granted by the authority.

INVESTMENT FINANCING REQUIREMENT:

The difference between actual capital expenditures and the investment financing capacity. It is the portion of the actual capital expenditure that can only be financed by debt or working capital. In the preliminary budget, the invest-

ment financing requirement is financed exclusively from loans, except if the n-1 working capital is brought forward.

WORKING CAPITAL:

The sum of the capitalised operating surplus, plus the balance of the operating section n-1 and the balance of the capital section n-1. It is equal to the balance of the net surpluses or deficits of the previous financial years.

VAT COMPENSATION FUND (FCTVA):

The purpose of the FCTVA is the refund by the State of the VAT paid by the municipal authorities on a portion of their capital expenditure.

Until 2009 the compensation came two years later: the FCTVA of year n related to actual capital expenditure incurred in year n-2. In 2009, in the framework of the government's stimulus plan, the State made an early payment to the local authorities for the amount corresponding to the capital expenditure made in 2008, provided that this capital expenditure reached at least a threshold set as being the average of actual equipment expenditure recorded over the previous four fiscal years. The Paris municipal authorities received a double FCTVA payment in 2009, corresponding to the expenditures made in 2007 and 2008. Since 2010, the payments have once again been calculated on an annual basis.

ÎLE-DE-FRANCE SOLIDARITY FUND (FSRIF):

The purpose of the FSRIF is to offset the disparities in terms of tax bases between the municipalities of the Île-de-France region and to improve living conditions in the most disadvantaged municipalities. It is funded by collecting tax resources from the better-off municipalities.

TAX POTENTIAL AND TAX EFFORT MOBILISATION COEFFICIENT:

The tax potential coefficient equals the relationship between the tax revenue voted and the theoretical tax revenue (in other words, the application to the Parisian base rate of the average national tax rate).

The tax effort of a municipality is equal to the relationship between the residency tax revenue, property taxes, land tax surcharges on undeveloped land, taxes or fees for waste removal and the tax potential corresponding to the three first taxes listed above increased by the revenue from the property tax surcharge on undeveloped land. This coefficient measures the tax pressure on households.

The ratios (from the financial report for year n) apply to data for the year n-1, the most recent data available.

MAIRIE DE PARIS

DIRECTION DE L'INFORMATION
ET DE LA COMMUNICATION

DIRECTION DES FINANCES ET DES ACHATS

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