
FINANCIAL REPORT



**20
16**

YEAR

2016

JUNE **2017**

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FOREWORD

2016 saw the continuation of financial constraints imposed on local authorities to facilitate the recovery of public finances. This financial constraint has been particularly pronounced for the City of Paris, and has been expressed through two external shocks which were particularly severe: the reduction in State subsidies and the increase in contributions to the equalisation fund (a redistribution mechanism to reduce inequalities of wealth between local authorities), for a cumulative impact of nearly one billion euros compared with 2010.

In this context, the administrative accounts for 2016 demonstrate Paris' capacity for innovation and resilience: the City has not deviated from its financial strategy, which combines control of operational expenditure, stability of local tax rates and the continuation of the investment outlay for local development.

Our strategy for managing operational expenditure has allowed us, excluding equalisation, to continue this downward trend; expenditure has fallen by 0.1%. This strategy is based on a detailed needs analysis which allows us to practice restraint in support functions and increase the effectiveness of public spending. It also allows us to provide more public services to Parisians, while maintaining high quality.

« DIRECT TAXES STABILISED, OPERATIONAL EXPENDITURE CONTROLLED, MODERATE DEBT, PRIORITY INVESTMENTS FINANCED, FINANCIAL CREDIBILITY STRENGTHENED. WE SHALL PERSEVERE ! »

This reduction in operational expenditure has been obtained even though the increase in workforce has shown a slight acceleration, under the influence of measures implemented by the State (+1.1% between 2015 and 2016). In 2016, 629 childcare places and numerous public facilities were opened, including the four cultural facilities in the Canopée des Halles.

In addition to this restraint on expenditure, revenue has grown strongly thanks in particular to our commitments in the area of housing policy. The decision to lift the ceiling on transfer duty (ceiling raised to 4.5% like most French departments have also done) has therefore enabled us to increase the revenue from real estate taxation within the context of a buoyant real estate market. Furthermore, the implementation of a voluntary policy of contractual agreements aiming to sustainably maintain housing from the private landlords' stock within the social stock, has led to new capitalised rent revenues.

In line with our commitment, the rates of Parisian local direct taxes remained stable in 2016. At national level, however, after an average increase of 1.8% in the rates of household taxes voted by the major cities and their groupings in 2015, another 1% increase occurred in 2016.

In this second year of implementation of the €10 billion investment programme for this term of office, 2016 saw investment expenditure reach €1.6 billion, in line with the investment cycle.

The control of operational expenditure has allowed us to greatly improve our self-financing (€581 million). This, combined with investment revenue, (€538 million) has helped finance 69% of the investment expenditure and limit the need for borrowing. With 62% of outstanding debt on a year of operational revenue, Paris remains one of the least indebted local authorities in France.

These administrative accounts for 2016 show that we are implementing, with determination, our strategy of transparency and efficiency in order to prepare us for the future: direct taxes stabilised, operational expenditure controlled, moderate debt, priority investments financed, financial credibility strengthened. We shall persevere!

Julien BARGETON

Deputy Mayor for Paris in charge of issues regarding finance, oversight of mixed economy companies, public procurement, concessions and purchasing policy.

CONSOLIDATED FINANCIAL ANALYSIS OF THE CITY AND DEPARTMENT

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	Change 2015-2016
Direct contributions	3 103	3 207	3 456	3 293	3 533	3 559	0,7 %
<i>Including tax payment to the Greater Paris Metropole</i>						527	
Tax on removal of household waste	426	434	446	451	458	467	1,9 %
Street sweeping	70	104	104	104	104	104	0,3 %
Parking fees	63	59	63	64	110	109	-1,1 %
Electricity tax (City and Department)	72	69	74	70	68	69	1,8 %
Property tax (DMTO+TADE)	1 078	1 177	918	1 089	1 016	1 274	25,4 %
Other taxes	68	71	69	69	78	81	3,2 %
TAXES	4 881	5 121	5 130	5 141	5 367	5 663	5,5 %
APA compensation (CNSA)	13	12	12	10	7	18	141,8 %
RSA compensation (TIPP + FMDI)	261	266	260	259	259	259	0,0 %
Other compensations (including TSCA)	76	74	72	86	86	85	-1,5 %
COMPENSATIONS FOR DEVOLUTION OF RESPONSIBILITIES	350	351	344	355	353	362	2,6 %
Overall operational grant (DGF)	1 290	1 259	1 227	1 134	930	283	-69,5 %
Compensation grants (DCTP, DCTH, DCTF)	60	54	48	44	47	43	-8,6 %
Other grants (DGD, DSI)	16	16	16	16	16	16	-0,3 %
STATE GRANTS	1 365	1 329	1 291	1 194	993	795	-19,9 %
SUBSIDIES AND CONTRIBUTIONS ¹	201	214	213	238	288	265	-7,9 %
Fees paid by farmers and concessionaries	226	226	213	204	202	196	-2,8 %
Fees and usage revenue for public areas ²	60	66	67	74	78	81	3,8 %
Contributions from Parisian users	157	169	168	167	175	175	0,4 %
USAGE REVENUE	443	461	449	445	455	453	-0,5 %
ZAC SURPLUS	132			213	12	2	-82,2 %
Revenue from rent (buildings)	184	171	189	197	170	479	181,1 %
Levies on beneficiaries	86	82	86	89	90	81	-9,1 %
Works on behalf of third parties	35	36	45	61	42	11	-74,4 %
ESA repayment	30	32	36	32	28	25	-9,2 %
Staff costs reimbursement ³	74	66	67	68	77	70	-9,0 %
TOTAL OTHER ORDINARY OPERATIONAL REVENUE	410	387	422	447	406	666	64,1 %
ORDINARY OPERATIONAL REVENUE	7 782	7 865	7 849	8 033	7 873	8 206	4,2 %
STAFF COSTS	2 059	2 109	2 111	2 209	2 227	2 252	1,1 %
GENERAL COSTS	858	833	823	821	815	776	-4,8 %
Welfare, including:	812	853	848	845	855	850	-0,5 %
<i>Child welfare</i>	303	336	324	307	301	290	-3,9 %
<i>Disabled benefits (PCH, ACTP)</i>	54	61	65	70	72	79	10,0 %
<i>Housing assistance for disabled persons</i>	122	129	142	146	154	162	5,7 %
<i>Personalised autonomy benefit (APA)</i>	138	141	133	135	140	128	-8,4 %
<i>Housing assistance for elderly</i>	153	149	146	149	148	144	-2,4 %
RSA, "contrats d'avenir"	359	366	381	399	411	416	1,4 %
<i>including RSA benefits</i>	297	301	318	337	355	362	2,0 %
Contribution to CASVP	315	323	314	313	312	344	10,2 %
TOTAL WELFARE	1 486	1 541	1 543	1 558	1 578	1 611	2,1 %
City operational subsidy	204	207	273	273	279	279	0,0 %
Miscellaneous subsidies and contributions	223	249	254	253	273	259	-5,0 %
SUBSIDIES AND CONTRIBUTIONS	428	454	527	526	551	538	-2,5 %
Police force	280	287	290	292	285	284	-0,4 %
Contribution to STIF	353	360	367	374	378	382	1,0 %
Contribution to SYCTOM	131	133	119	126	119	107	-9,7 %
CONTRIBUTIONS	764	780	776	791	782	773	-1,1 %

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 2016

in €M

	2011 AA	2012 AA	2013 AA	2014 AA	2015 AA	2016 AA	Change 2015-2016
FSRIF	104	121	131	141	151	161	6,6 %
DMTO equalisation fund	67	80	88	81	97	91	-6,0 %
Communal equalisation fund (FPIC)		22	67	116	157	184	16,9 %
CVAE equalisation fund			16	18	24	28	15,7 %
Departments solidarity fund IDF FSDIF				27	27	28	4,5 %
EQUALISATION EXPENDITURE	170	223	302	383	456	491	7,9 %
FGIR	884	892	898	898	898	898	0,0 %
OTHER ORDINARY MANAGEMENT COSTS	155	170	167	171	172	178	3,3 %
ORDINARY MANAGEMENT COSTS	6 804	7 002	7 146	7 358	7 479	7 517	0,5 %
MANAGEMENT SAVINGS	978	863	703	676	394	689	75,0 %
Financial revenue	24	21	19	31	25	27	6,0 %
Financial costs	91	100	112	128	124	133	6,8 %
FINANCIAL BALANCE	-66	-79	-93	-97	-99	-106	7,1 %
Extraordinary revenue	10	9	29	43	15	31	101,3 %
Extraordinary costs	56	36	67	41	50	34	-32,6 %
EXTRAORDINARY BALANCE	-46	-27	-38	2	-34	-3	-92,5 %
TOTAL ACTUAL OPERATIONAL REVENUE	7 816	7 895	7 897	8 107	7 914	8 264	4,4 %
TOTAL ACTUAL OPERATIONAL EXPENDITURE	6 950	7 138	7 325	7 527	7 653	7 683	0,4 %
GROSS SAVINGS	866	757	573	581	261	581	122,8 %
Subsidies and grants received	282	266	352	352	356	279	-21,5 %
- of which investment subsidies received	116	49	156	143	102	127	25,2 %
- of which police fines	35	37	32	33	35	37	4,2 %
- of which FCTVA	125	173	149	168	209	115	-45,1 %
Revenue from fixed asset sales	50	107	122	122	156	173	11,2 %
Operations on behalf of third parties	5	18	24	22	27	9	-68,3 %
Repayment of loans	20	32	72	15	19	13	-30,0 %
Other financial assets	120	134	66	168	57	43	-23,9 %
Other actual investment revenue	17	21	34	6	7	21	193,9 %
ACTUAL INVESTMENT REVENUE	495	577	671	686	621	538	-13,4 %
Intangible assets	19	18	13	10	11	22	96,6 %
Facilities subsidies	470	500	507	455	377	460	22,1 %
Acquisitions	201	210	206	213	244	401	64,8 %
- of which Property	123	150	131	-	-	-	-
Works	808	865	949	800	626	619	-1,2 %
Operations on behalf of third parties	16	24	23	20	4	15	294,1 %
Loans approved	-	6	-	-	6	-	-
Other actual investment expenditure	36	39	41	31	129	111	-13,9 %
ACTUAL INVESTMENT EXPENDITURE	1 551	1 662	1 740	1 529	1 397	1 629	16,6 %
FINANCING CAPACITY FOR INVESTMENTS	1 360	1 334	1 243	1 266	882	1 118	26,9 %
REPAYMENT OF LOANS	184	200	200	197	200	200	0,1 %
FINANCING REQUIREMENTS ⁴	375	528	697	460	715	710	-0,7 %
NEW LOANS	381	470	630	510	741	681	-8,0 %
Working capital on 1 January	285	288	230	163	213	233	9,5 %
Variation in working capital	6	-58	-67	50	20	-30	-250,2 %
Working capital on 31 December	291	230	163	213	233	202	-13,0 %
Outstanding debt on 1 January	2 696	2 892	3 219	3 655	4 120	4 640	12,6 %
Outstanding debt on 31 December	2 893	3 219	3 655	4 120	4 640	5 159	11,2 %
VARIATION IN OUTSTANDING DEBT	197	327	436	466	520	518	-0,4 %
FINANCING CAPACITY	87,7 %	80,3 %	71,4 %	82,8 %	63,1 %	68,7 %	8,8 %

I/ GENERAL PRESENTATION

OF THE ADMINISTRATIVE ACCOUNTS (AA) BALANCE FOR 2016

1 / THE AA GENERAL BALANCE FOR 2016

In 2016, the extra constraints on the operational budget imposed by the reduction in State subsidies and the increase in equalisation expenditure accounted for €233 million. The former fell by €197 million and the latter increased by €36 million compared with the previous financial year. The reduction in State subsidies and the increase in equalisation costs represented a loss of resources of more than €1 billion compared with their level in 2010. In this context, the Parisian local authority pursued its strategy of controlling operational expenditure which, excluding equalisation expenditure, decreased by 0.1% and, overall, only showed a very small increase (+0.4% in 2016). This control of operational expenditure of the Parisian local authority merits examination in the context of the evolution of expenditure at the national level, both for municipalities (+0.8% in 2016) and departments (+2.2%)². Furthermore, the mobilisation of existing margins of operational revenues and the dynamism of real estate taxation (+25% compared with 2015), opened the way for an increase of 4% in real operational revenue in 2016. This development has been achieved while respecting the commitment to local direct tax stability for Parisians.

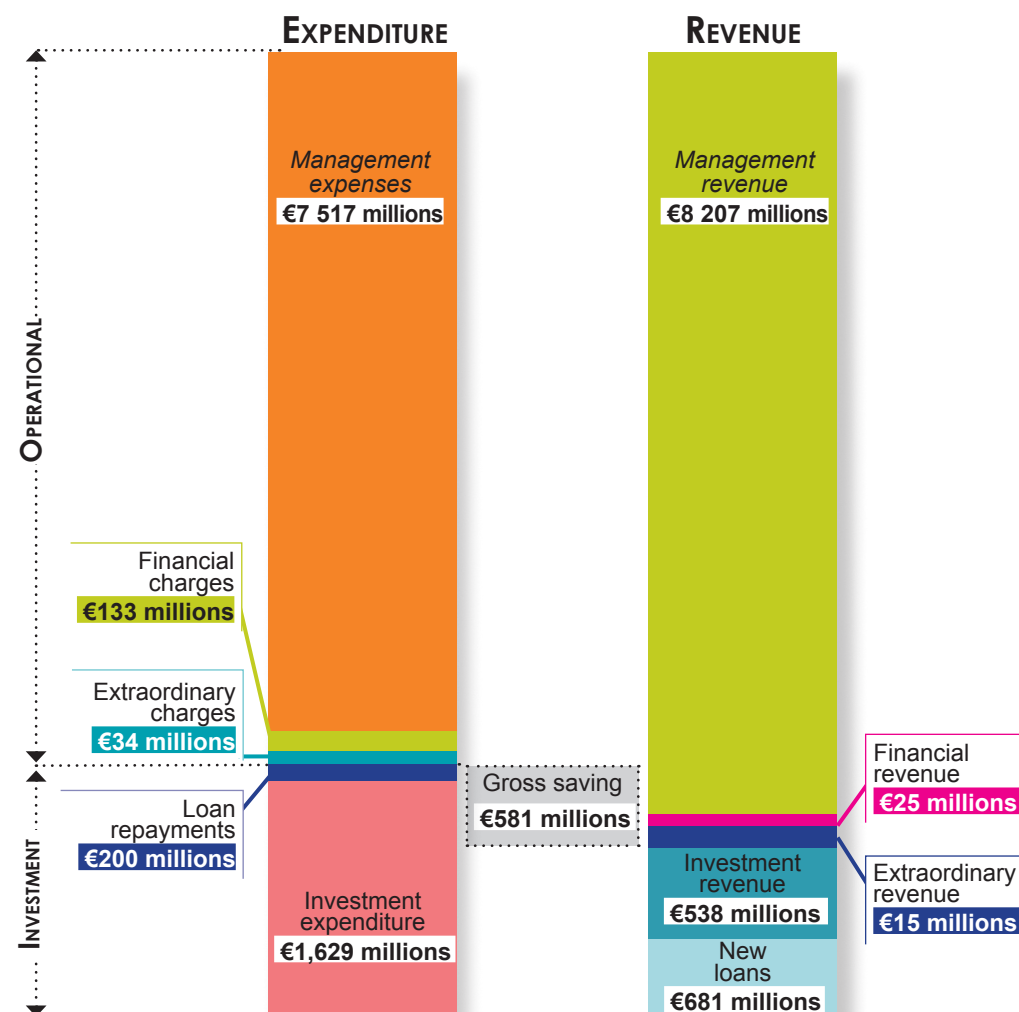
Financial year 2016 showed gross savings of €581 million, a large increase compared with 2015 (+€320 million). This level of gross savings allowed the authority to strengthen the capacity for financing investments, which reached €1,118 million in 2016 (+27% compared with 2015). This growth helps compensate for the slight reduction in actual investment revenue, at €538 million.

The capacity for investment financing covered 69% of actual investment expenditure, against 63% in the administrative accounts in 2015. Investment expenditure progressed by 17% to reach €1,629 million, in line with the deployment of the Term of Office Investment Programme (PIM).

Loan repayments amounted to €200 million and were stable compared with 2015.

New loans reached a value of €681 million. Outstanding bank and bond debt as of 31 December 2016 represented 62% of the actual operational revenue, which is a greatly reduced ratio compared with the average for French cities with more than 100,000 inhabitants (87 %)².

CONSOLIDATED ADMINISTRATIVE ACCOUNTS 2016



¹ Figures produced by the memorandum on the economic situation for local finances in 2016 from the Banque Postale (November 2016).

² Bulletin of statistical information from the General Directorate for Local Authorities, no. 111, August 2016

2 / OVER TWO-THIRDS OF THE GROWTH IN INVESTMENT EXPENDITURE LINKED TO THE DEPLOYMENT OF THE TERM OF OFFICE INVESTMENT PROGRAMME WAS COVERED BY THE LOCAL AUTHORITY'S FINANCING CAPACITY

2.1 2016 WAS A YEAR WHICH ALLOWED THE CONTINUATION OF THE TERM OF OFFICE INVESTMENT PROGRAMME (PIM): INVESTMENT EXPENDITURE REACHED €1,629 MILLION OF WHICH €1,438 MILLION IN THE MUNICIPAL BUDGET AND €191 MILLION IN THE DEPARTMENTAL BUDGET. THE RESULTING FINANCING REQUIREMENTS WERE CATERED TO BY OUR OWN INVESTMENT REVENUE TO THE TUNE OF €538 MILLION.

Expenditure on facilities was € 1,042 million and represented 64% of actual investment expenditure. It is broken down as follows :

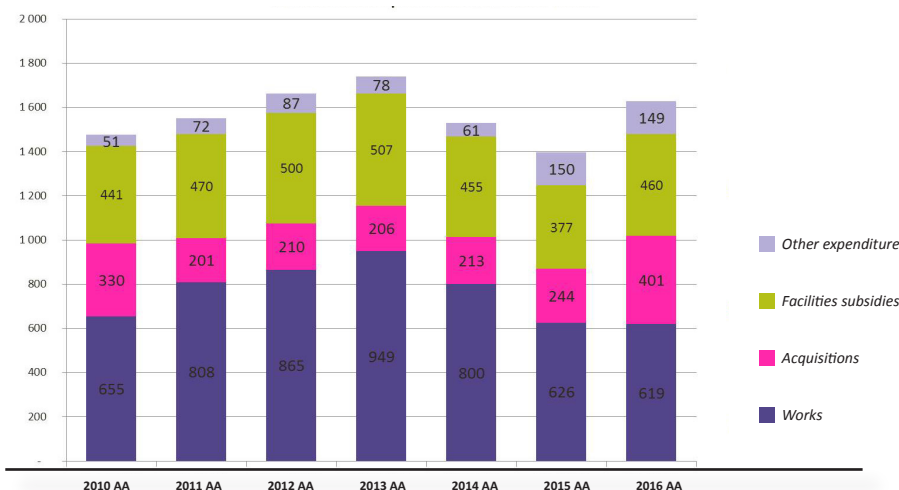
- €619 million for expenditure on public works;
- €401 million for expenditure on acquisitions;
- €22 million for intangible assets.

Included in this facilities expenditure, was €348 million allocated to land acquisitions (of which €180 million for social housing and €47.6 million for relocated central services), €101 million for the redevelopment of Les Halles, €50 million on the extension of metro line 14 and €33 million on the extension of the T3 tramway.

Facilities subsidies represented €460 million, of which €241 million for social housing and €103.4 million on development, of which €51.3 million on the RATP for the extension of line 14 and €16.1 million on the French rail network for the development of the surroundings of Rosa Parks station.

The balance of actual expenditure was €126 million and was made up essentially of financial operations (€110 million, of which €31 million for the participation in the financing of intensive development areas), as well as expenditure on behalf of third parties (€15 million).

EVOLUTION IN ACTUAL INVESTMENT EXPENDITURE EXCLUDING LOAN REPAYMENT FOR THE PARIS LOCAL AUTHORITY 2010-2016 IN €MILLION



OWN-SOURCE INVESTMENT REVENUE REACHED €538 MILLION.

It fell by €83 million compared with the 2015 AA, mainly due to the extraordinary receipt, in 2015, of an advance of €73 million for compensation funds for VAT (FCTVA).

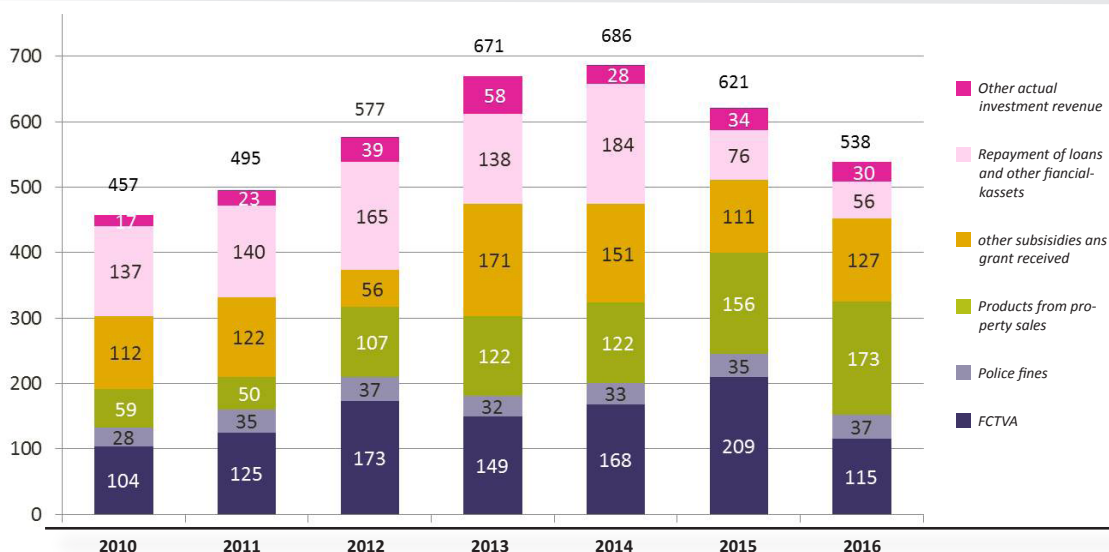
It is broken down as follows :

- **subsidies and grants** received - €279 million. They included €115 million for the FCTVA, as well as €37 million arising from police fines. Furthermore, €90.9 million were received from the State in the form of assistance for construction and €5.8M for the departmental subsidies for middle schools. Other facilities subsidies concerned ongoing investment projects: thus, €1.1million were received for IT equipment for middle schools, €1 million for the Davout-Lagny library (20th arrondissement), €0.97 million for the Amiraux swimming pool (18th arrondissement).

- **revenue from real estate disposals** which reached €173 million, an increase of €17 million compared with 2015. The main land sales made in 2016 concerned the building on 16-20 Avenue d'Eylau (16th arrondissement) for €40 million; the plot on 31-43 Boulevard Carnot (12th arrondissement) for €15 million; the Bûcherie site (5th arrondissement) for €13.5 million; 112 plots from 92 to 144 Boulevard Suchet (16th arrondissement) for €13.2 million; the areas for the extension of the interchange station at the Châtelet-les-Halles station (1st arrondissement) for €11.1 million and 195 Avenue Daumesnil (12th arrondissement) for €10.3 million.
- €56 million of **loan repayments and advances**, of which €9 million from the SEMAVIP as part of the development of the Porte Pouchet and €1 million from the SEMAEST as part of Vital'Quartier;
- €30 million of **other actual investment revenue**, including in particular €9 million of revenue from operations undertaken on behalf of third parties

Combined with the gross savings made during the financial year (€581 million), this revenue helped cover up to 69% of the investment expenditure, excluding loan repayment.

EVOLUTION IN ACTUAL INVESTMENT REVENUE FOR THE PARIS LOCAL AUTHORITY SINCE 2010 (IN € MILLION)



2.2 COMBINED WITH THE INCREASE IN OPERATIONAL REVENUE (+4%), THE CONTROL OF OPERATIONAL EXPENDITURE (-0.1% EXCLUDING EQUALISATION EXPENDITURE) LED TO A STRONG GROWTH IN GROSS SAVINGS, WHICH REACHED €581 MILLION.

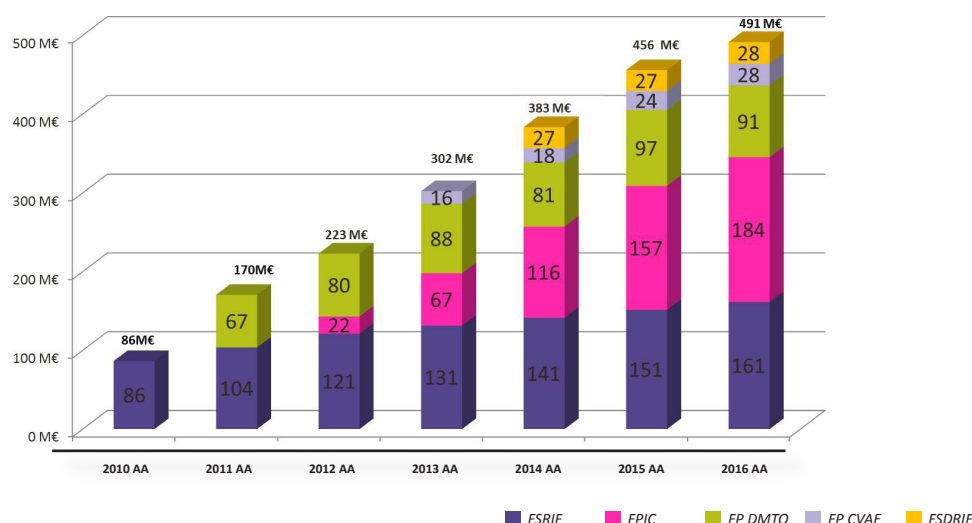
► 2.2.1. CONTROLLING OPERATIONAL EXPENDITURE

ACTUAL OPERATIONAL EXPENDITURE, AT €7,683 MILLION, GREW BY 0.4% COMPARED WITH THE 2015 AA, WITH AN AVERAGE GROWTH OF 2.6% A YEAR BETWEEN 2010 AND 2015, EXCLUDING THE EFFECT OF THE FNGIR (NATIONAL INDIVIDUAL GUARANTEE FUND FOR RESOURCES). EXCLUDING EQUALISATION EXPENDITURE, IT REACHED €7,192 MILLION, A DECREASE OF 0.1% COMPARED WITH 2015, THANKS TO CONSISTENT EFFORTS TO CONTROL EXPENDITURE.

► **Equalisation** covers redistribution mechanisms aimed at reducing the inequalities between different local authorities. For the Parisian local authority, equalisation expenditure (excluding FNGIR) reached €491 million, which is an increase of 7.9% compared with the 2015 AA (+ €36 million). Since 2010, the contribution of Paris to national and Ile-de-France region solidarity has increased by €405 million.

In 2016, the total equalisation at municipality and department levels in France reached more than €2.4 billion. The Parisian local authority is therefore financing more than 20% of the national equalisation envelope.

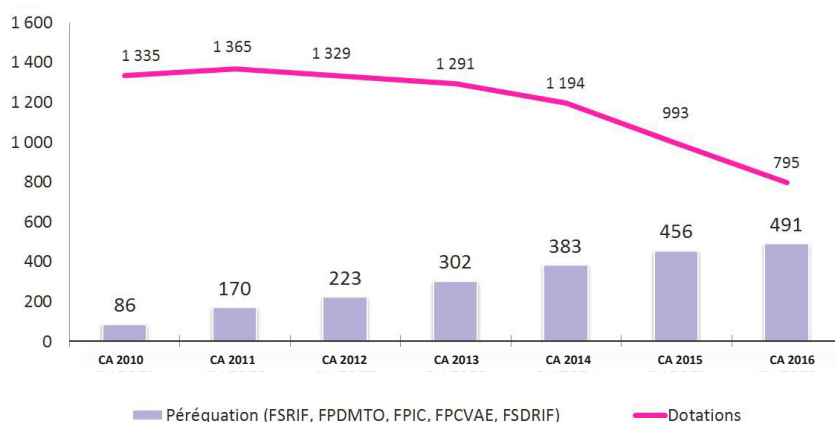
EVOLUTION OF EQUALISATION EXPENDITURE BETWEEN 2010 AND 2016



This contribution is shared among several funds.

- The **national fund for equalisation of intercommunal and communal resources (FPIC)** continued its growth in 2016. The FPIC is a national fund for equalisation of tax resources for communes and public bodies for intercommunal cooperation (EPCI) with its own tax revenue. Its value was set by legislation at €1 billion in 2016. The contribution of the City of Paris to the FPIC reached €184 million in 2016 (an increase of €27 million compared with 2015). This amount represents 18% of the fund, making Paris the main contributor.
- The **contribution to the solidarity fund for the Ile-de-France region communes (FSRIF)** grew by 6.6% compared with the 2015 AA to reach €161 million, representing a contribution equal to 56% of the fund. A mechanism for horizontal equalisation unique to Ile-de-France, the FSRIF is aimed at ensuring a redistribution of wealth among the communes located in the region. Its amount is determined each year by law (€290 million in 2016).
- The **contribution by the DMTO (duties on transfers for a fee)** to the two equalisation funds set up in 2011 (historical fund) and in 2014 (solidarity fund), decreased by 6% compared with 2015, falling from €97 million to €91 million due to the reduction in revenue received through the DMTO between 2014 and 2015. Nevertheless, the Parisian contribution represented 12% of the DMTO revenue collected in 2015 and 9% of the amount collected at the national level within the framework of these equalisation mechanisms.
- The Parisian local authority also participated in the **solidarity fund for Ile-de-France departments (FSDRIF)** for an amount of €28 million in 2016, which is an increase in the contribution by 4.5% compared with 2015 and which represents 46% of the total fund. The FSDRIF, intended to ensure an equalisation of resources between the departments and the region, has had its value set by legislation at €60 million since 2014.
- Furthermore, the contribution to the **equalisation fund for the contribution to the added value of businesses (CVAE)** was €28 million, compared with €24 million in the 2015 AA, representing an increase of 15.7%. Through its contribution, Paris ensured the financing of 33% of the fund in 2016

SCISSOR EFFECT OF SUBSIDIES AND EQUALISATION EXPENDITURE



- **Payroll expenditure** in the general budget of the Parisian local authority reached **€2,252 million⁽³⁾** in 2016 after having stood at **€2,227 million** in 2015, which is an increase of **1.1% (€25 million)**. It represents, just as in 2015, **29% of all actual expenditure for the operational section of the budget**.

This moderate growth is the result of a fine-tuned management which aims to control expenditure (redeployment of staff, reduction of expenditure on short-term contracts and containment of growth of expenditure on overtime), while financing the necessary recruitment to allow the opening of new facilities and the reinforcement of priority sectors, as well as the reduction of the impact of exogenous measures.

This growth trend is mainly due to the following factors :

- A **moderate increase in salary costs** (€25 million) due to national exogenous factors, in particular the revaluation of the index point (+0.6% on 1 July 2016) and the first stages of the professional pathways, careers and remunerations reform (PPCR) of category A staff in the medical-social sector and category B staff (transfer of bonus/ points with beneficial effects for the retirement of staff), as well as the mechanical effect of the wage shift caused by increasing technical competencies and ageing of the workforce (GVT);
- The **impact of the employment programme** with 94 Full-time Equivalent (FTE) extra posts on average in 2016, as well as an increase in the number of subsidised recruitments (+141 subsidised recruitments on average in 2016) and apprentices (+82 apprentices on average in 2016) in line with the City of Paris' commitment to addressing the employment challenge, in particular among the younger population.

- **Social expenditure** excluding general charges reached **€1,611 million, a growth of 2.1% (+ €32.9 million)**. This amount includes the transfer of **€39 million** from the general budget of the organisation to the Paris City Social Services Centre (CASVP) budget, as part of the Nouveau Paris Solidaire (NPS) reform (see insert below). Social expenditure is distributed as follows :

- **Expenditure on Active Solidarity Income (RSA) benefit** reached **€362 million**, an increase of €7 million compared with 2015. This increase is €3 million lower than the estimate in the 2016 preliminary budget, due to the reduction in the number of beneficiaries, of which the average went down from 66,700 in 2015 to around 65,000 in 2016. This effect limited the impact of the 2% annual increase of the benefit, applied within the framework of the government plan for the fight against poverty (increase of 10% in 5 years from September 2014).
- Expenditure on **welfare for children**, excluding general costs, continued to decline to stand at €290 million, (against €301 million in 2015, and €307 million in 2014). This change reflects the reduction in the number of young people in care following the promulgation of the law regarding the protection of children⁽⁴⁾ in March 2016, which re-established a fair national level apportionment of care for unaccompanied foreign children.
- **Expenditure on senior citizens**, excluding general costs, reached €273 million (a reduction of 5% compared with the 2015 financial year). This reduction is mainly explained by the transfer of liquid assets caused by the renewal of local government control over the payment of the Personal Autonomy Allowance (APA) in residential care, within the context of the stagnation of the number of beneficiaries of home-based APA. At the same time, accommodation costs for elderly persons are declining due to the consistent reduction in the number of people eligible for social assistance.
- **Social assistance for disabled persons** increased by 7% to reach €241 million compared with €225 million in 2015. This trend is explained by the increase in housing costs (+€8 million) linked to the revaluation of the day costs in existing establishments, and by the opening of new establishments as well as the increase in expenditure on the disability compensation benefit (+€7.2 million) due to the increase in the number of beneficiaries (4,230 beneficiaries in December 2016 compared with 4,050 in December 2015).
- The **contribution to the City of Paris Social Services Centre (CASVP)**, which reached €344 million in the 2016 AA, grew by €32 million in one year (+10%). This increase was due mainly to the transfer of 490 FTEs from the Department for Social Services, Children and Health (DASES) to the CASVP, within the framework of the NPS reform. This transfer required a first wave of budgetary transfers which increased the contribution to the CASVP by €39 million. If one excluded the effect of the NPS reform, the contribution to the CASVP would show a reduction of €7.6 million, which is explained mainly by the impact of the transport card reform (NAM cards) over a full year.

THE NOUVEAU PARIS SOLIDAIRE (NPS) REFORM

Within the context of the reorganisation of social services in Paris, the NPS reform was launched in 2016 and will be completed in 2017.

It consists of a grouping together of the multidisciplinary social services of the department (SSDP) at the City of Paris Social Services Centre (CASVP). In the provisional budget for 2016, it took the form of a transfer of €39 million from the general budget of the local authority to the CASVP budget. It covers staff expenditure (€17 million), reimbursement of costs for staff already transferred to the CASVP deducted from the general costs (€19.5 million) and general costs, including rents and utility costs (gas, electricity, heating) (€3.5 million). This transfer mechanically reduced the authority's payroll, because the CASVP subsidy is generalised and takes the form of operational expenditure.

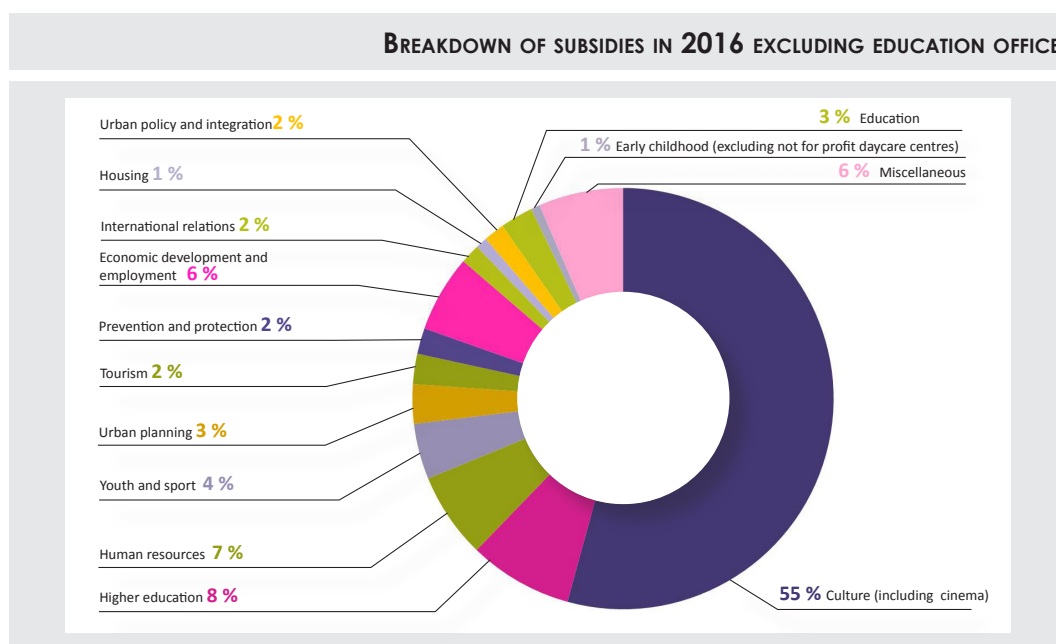
	2015 AA	2016 AA	Change in 15 AA/16 AA	Amount Transferred NPS	2016 AA reconstructed before NPS	Change in 15 AA/16 AA
Personnel expenditure	2 227 M€	2 252 M€	+25 M€	- 17 M€	2 272 M€	+ 45 M€
General costs	815 M€	781 M€	-34 M€	- 22 M€	803 M€	-12 M€
Contribution to CASVP	312 M€	344,0 M€	+ 32 M€	+39 M€	305 M€	-7 M€

⁽³⁾ The amount of €2,252 million included in the financial analysis scope, i.e. after neutralising the cross transfer of funds between City and Department.

⁽⁴⁾ Law no. 2016-297 of 14 March 2016 regarding the protection of children.

- **General costs** for the Paris local authority fell to €776 million, compared with €815 million in the 2015 AA, a reduction of €39 million. This reduction arose partly from the transfer of credits to the CASVP amounting to €22 million, within the framework of the NPS, and the reform on works on behalf of third parties transferred to the investment section (€10 million). With these two effects removed, general costs fell by €7 million (-0.86%). Since 2011 general costs have fallen by €76 million, down from €858 million in the 2011 AA, to €782 million in the 2016 AA (-8.9%).
- **Contributions** from the Paris local authority reached €773 million in the 2016 AA, a reduction of €9 million compared with the 2015 financial year. This reduction was mainly due to the following developments :
 - The **contribution to the Ile-de-France Transport Union (STIF)** reached €382 million, an increase of €3.8 million compared with 2015;
 - the **contribution to the Police force, which includes payroll expenditure**, fell by €1.4 million to reach €284 million following the transfer of 110 public highway officers (ASP) to the Paris local authority within the context of the reform of the fight against anti-social behaviour;
 - the **contribution paid to the Intercommunal association for the treatment of household waste (SYCTOM)** dropped by €11 million to €107 million mainly due to the effect of the pricing review which was implemented on 1 January 2016.
- The **total amount of operational subsidies and contributions excluding social subsidies** was €538 million, a reduction of €14 million compared with 2015 and of €4 million once the exceptional subsidy of €10 million paid in 2015 for Paris' bid to host the Olympic Games in 2014 was removed. Furthermore, €3.6 million were used for the programme adopted in the 2016 provisional budget for post-terrorist attack measures.

Operational subsidies excluding the financing of the education office accounted for €303 million and were broken down as follows :



PEACEFUL COEXISTENCE AND INCREASED SECURITY IN THE PARIS AREA

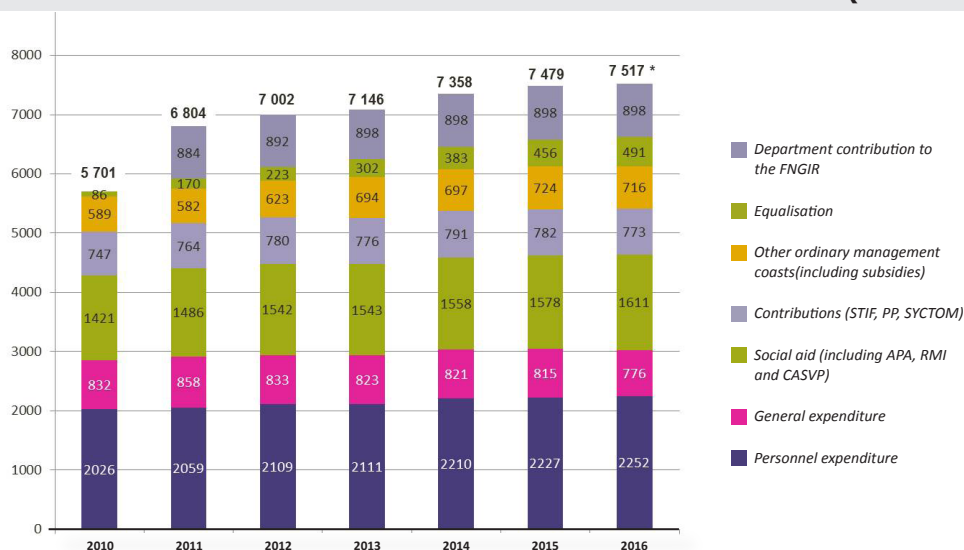
As a continuation of the actions undertaken in 2015 following the terrorist attacks on 11 January and 13 November, and in accordance with the wishes of the Paris Council adopted on 15, 16 and 17 February 2016 regarding post-terrorist attack measures, the 2016 AA included €5 million of operational credits and €18.3 million of provisional investment spending programmes (Programme authorisations) which contributed to strengthening social cohesion in Paris and to ensuring improved protection of its citizens

In operational costs, €5 million financed risk prevention initiatives for attacks (security for cultural facilities and entertainment venues, measures to assist young people, promotion of peaceful coexistence and prevention of radicalisation). These credits also contributed to the launch of the first aid training plan for Parisians and council employees, including the first edition of "Paris saves" on Saturday 26 March 2016.

In investment, a total AP (available budget ceiling) of €18.3 million allowed the City to reinforce the security plan for facilities (€10.5 million) and public buildings (€2 million), and to continue the deployment of alarms and door blocking systems in primary and middle schools (€5.8 million).

- **Extraordinary costs** reached €34 million, a reduction of €16 million compared with the 2015 AA, the year in which the payment of €14 million of grants for provisions for depreciation on the Department budget took place, an operation which was not repeated in 2016.
- Finally, **financial costs** reached €133 million, compared with €124 million in 2015.

EVOLUTION OF ORDINARY OPERATIONAL EXPENDITURE FOR THE PARIS LOCAL AUTHORITY SINCE 2010 (IN € MILLION)



* The actual operational expenditure indicated previously (€7,683 million) corresponds to the amount of ordinary operational expenditure plus extraordinary (€33.5 million) and financial (€132.6 million) costs

► 2.2.2. THE CURRENT STATE OF ACTUAL OPERATIONAL REVENUE

ACTUAL OPERATIONAL REVENUE REACHED €8,264 MILLION, AN INCREASE OF 4.4% COMPARED WITH THE 2015 AA (+€350 MILLION). THIS GROWTH IS EXPLAINED BY THE INJECTION OF NEW REVENUE (IN PARTICULAR THE REMOVAL OF THE CAP ON DMTOS) AND BY THE HEALTHY STATE OF THE PROPERTY MARKET.

THE CREATION OF THE GREATER PARIS METROPOLIS (MGP)

Since 1 January 2016, the MGP has been receiving part of the economic taxation in place of the constituent communes and will take on an increasing number of responsibilities between now and 2020.

In order not to destabilise the communal budgets, the law provides that the MGP pay to its constituent communes and public territorial establishments compensation payments, which are calculated from the difference between the resources and the charges transferred.

The revenues transferred by Paris are as follows :

- the city's share of the contribution for businesses' added value (with compensation payments): €502.45 million
- flat-rate taxation of network businesses: €8.66 million
- additional land tax for undeveloped land: €0.25 million
- tax on commercial premises: €15.78 million
- share of the "salary share compensation" of the flat-rate subsidy from the City: €453.1 million

The responsibilities devolved to the Metropolis are in this early stage essentially in the field of strategy and planning. The City of Paris has not to date allocated any budget and has therefore not transferred expenditure in 2016. The amount of this compensation payment paid by the MGP in the 2016 AA therefore amounts to €980,242,392 for Paris (2015 amount of the entire amount of resources transferred without deduction of costs).

At a constant taxation rate, direct contributions experienced a growth of €24 million compared with the 2015 AA to reach €3,560 million. This amount includes the repayment made by the Greater Paris Metropolis (MGP) of €527 million as indicated above.

The increase in direct contributions received in 2016 can be explained mainly by the spontaneous increase in revenue from corporate property tax (+€5.7 million, of which €3.1 million was linked to the nominal revaluation and €2.6 million linked to the physical variation of the bases) and by the increase in the CVAE (+€3.4 million).

The €9.8 million increase in the City and Department property tax⁽⁵⁾ came from the +€9.9 million nominal revaluation of 1%, plus €0.1 million of the physical variation in bases, and less €0.2 million for the transfer of the additional tax on non-developed land (TAFNB) to the MGP (which is also found in the compensation payment). This increase was less than expected in the provisional budget for 2016, due to the measures of direct local tax exemption for elderly persons living in modest conditions which were enacted at the end of 2015 by the State, and to the application of the QPV (priority neighbourhoods for urban policy) in place of the ZUS (Sensitive Urban Area) regarding the application of the 30% rebate for social housing located in these areas.

Revenue from housing tax increased by €1.12 million (0.1%) of which +€7.4 million linked to the nominal revaluation of bases, less €6.6 million linked to the physical variation of bases, and plus €0.3 million for the increase in the contribution to the housing tax for second homes, which was adopted in 2015 to incite owners to remarket under-occupied accommodation. This semi-stability of the housing tax income is explained by the long-term return of the exemption for elderly persons living in modest conditions, which is more significant for housing tax than for property tax.

CHANGE IN LOCAL AUTHORITY TAX REVENUES (IN MILLION EUROS)

	2015 AA	2016 AA	balance	Change %
Property taxes	990,69	1 000,48	9,79	1 %
Housing tax	759,06	760,18	1,12	0,1 %
<i>Of which increase in housing tax</i>	<i>20,9</i>	<i>21,2</i>	<i>0,30</i>	<i>1,7 %</i>
Corporate property tax	311,7	317,41	5,72	1,8 %
Supplementary taxes levied	22,78	23,59	0,81	3,5 %
Additional tax levies	2,16	6,10	3,94	182,8 %
Contribution for corporate added value	1 422,14	922,07	- 500,07	-35,2 %
Flat-rate tax on network businesses:	11,58	2,60	-8,98	-77,5 %
Tax on commercial premises:	15,78	-	-15,78	-100 %
Repayment of tax made by the Greater Paris Metropolis	-	527,14	+ 527,14	+ 100 %
TOTAL DIRECT CONTRIBUTIONS, INCLUDING REPAYMENT TAX	3 535,86	3 559,56	23,70	0,7 %

TAXATION – COMPARISON OF PARISIAN RATES WITH NATIONAL RATES FOR CITIES WITH MORE THAN 100,000 INHABITANTS^(a) AND DEPARTMENTS

		Parisian rate 2016	Average rate city > 100,000 inhabitants
CITY AND DEPARTMENT OF PARIS	residence tax	13,38 %	25,47 %
	developed property tax	13,50 %	30,39 %
	undeveloped property tax	16,67 %	34,27 %
	business owners property tax (CFE)	16,52 %	27,06 %
	household waste collection tax (TEOM)	6,21 %	9,29 % ^(b)

^(a) Source: Observatoire SFL - Forum 2016 on taxation in large local authorities

^(b) National average rate 2015, (source: General Directorate for Local Authorities (DGCL) in figures, data from Directorate General for Public Finances, Tax Census, calculations DGCL)

Revenue from road sweeping tax and the tax for removal of household waste was €571 million compared with €562 million in 2015. The increase of +1.6%, or +€9 million, was due to the spontaneous growth in the tax on removal of household waste.

► **Indirect tax revenue reached €1,532 million** compared with €1,272 million in 2015, which is an increase of 20%, due to the increase in revenue from property tax.

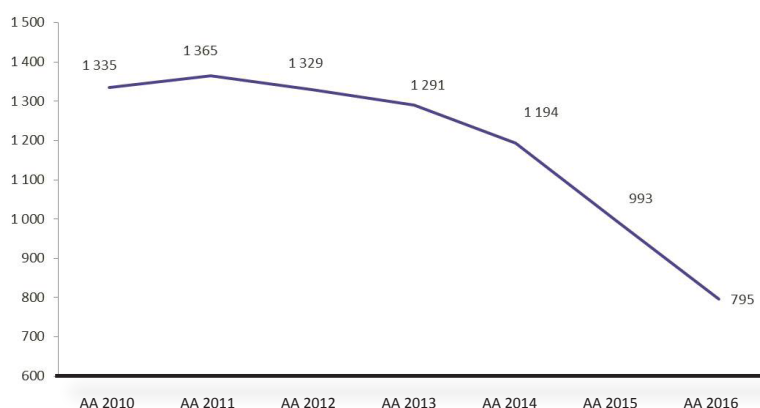
- Property tax revenue reached €1,274 million compared with €1,016 million in 2015, which is an increase of 25% (+€258 million). €132 million of the increase was due to the increase of the departmental tax rate (+0.7%) on 1 January 2016 while €126 million was thanks to the healthy Parisian property market which experienced an increase in the number of transactions which went from 42,399 in 2015 to 46,357 in 2016.
- Revenue derived from parking fees reached €109 million in 2016, which is stable compared with 2015. During financial year 2015, the implementation of the reform on residential, alternating and tourist coach parking regulations led to an increase in revenue of €46 million.
- **Revenue from local tax on final consumption of electricity** reached €69 million, a slight increase compared with 2015 (€68 million).
- **Other taxes** reached €81 million and increased by 3.2%, mainly due to the €3 million increase on visitors' tax, which rose from €66 million in 2015 to €69 million in 2016. Given the national context and in particular the decrease in tourism linked to the terrorist attacks, the application of a so-called "real-rate" visitors' tax was limited. Nevertheless, revenue from visitors' tax is increasing due to the contribution from

⁽⁵⁾ Developed and non-developed land (includes the additional tax on non-developed land transferred to the MGP in 2016).

the internet reservation site Airbnb which has been collecting visitors' tax since 1 October 2015 and which paid, in 2016, €6.47 million to the Parisian local authority (€1.17 million for the second half of 2015 and €5.3 million for 2016)..

- **State subsidies** continued to decline rapidly. Like for like, in other words, if one includes the former portion "compensation for salary share" paid since 2016 by the Greater Paris Metropolis through the compensation payment, the subsidies declined by €197 million in 2016 (€795 million compared with €993 million in 2015), mainly due to the change in the general operational subsidy (DGF), which supports Parisian contributions in terms of recovering public finances. Besides the compensation payment paid by the Metropolis, the DGF paid by the State stood at €283 million compared with €477 million in 2015.

EVOLUTION IN SUBSIDIES RECEIVED BY THE PARISIAN LOCAL AUTHORITY BETWEEN 2010 AND 2016 IN € MILLION (MPG COMPENSATION PAYMENT INCLUDED)



- Revenue recovered for **compensation for devolution of responsibilities** increased by 2.6%, to reach €362 million in 2016, against €353 million in 2015, due in particular to the €10 million increase in the subsidy from the national solidarity fund for autonomy, within the framework of the implementation of the law for the adaptation of society to an ageing population.
- Revenue from **user participation** remained stable at €175 million.
- **Usage taxes** fell by €5.7 million because usage taxes for energy contractors fell due to the decline in energy use (-€2.3 million, due mainly to favourable climatic conditions). Revenues from local authority concessions were stable, and included more than €25 million linked to large sports facilities, nearly €29 million for telecommunications contracts, and nearly €19 million for advertising rights.
- **Revenue from contributions and subsidies** reached €265 million, a reduction of €23 million compared with 2015, but greater than €10 million in the 2016 provisional budget. In particular, a reduction of €16 million in contributions from the family allowances fund (CAF) was observed, linked to a scope effect; 2015 being the first year in which it became linked to revenue from the single service contract for childcare. The gap between the payment of the subsidy for the disabled persons integration fund (-€4.7 million) and the reduction in revenue from the European social fund (-€4.9 million) linked to the delay in the implementation of the new programming also explain this decrease.
- Revenue received for **ZAC surplus** fell by €10 million to reach €2 million in 2016. The level of this revenue depends on the calendar for the completion of development operations and fluctuates over time.
- **Revenue from rents** reached €480 million, an increase of €308 million compared with 2015, due to the increase in capitalised rent revenue linked to the Paris local authority's ambitious contracting policy.

Thus, in 2016, contracting allowed the City to transfer 3,527 homes from the private landlord stock to the social housing sector, of which 2,342 for Paris Habitat and 1,185 for Elogie-SIEMP. These operations allow social housing owners to concentrate their activities on their primary mission of supporting social housing. They contribute to the objective of 25% of social housing set by the "Solidarity and Urban Renewal" law by increasing the number of homes in the social housing stock.

The surplus in the 2016 investment section (€354 million) arising from this contracting policy was taken up by the operational section, in accordance with the derogation granted by the Ministry for Economy and Finance and the Ministry for Planning, Rural Areas and Local Authorities, based on the provisions of decree no. 2015-1546 of 27 November 2015. As defined with the State level departments, the accounting mechanism is as follows:

- capitalised rents received within the framework of long leases may be recorded in the investment section and progressively transferred to the operational section, for an amount equal to the corresponding fraction of annual rent;
- at the same time, the investment revenue released by this method of accounting may be subject, under certain conditions, and exceptionally, to a complete transfer to the operational section;

- the transfer may be permitted under exceptional circumstances, through the joint authorisation of the ministry in charge of the budget and the ministry in charge of local authorities.

The transfers are distributed as follows :

OPERATIONAL SECTION				INVESTMENT SECTION			
EXPENDITURE		REVENUE		EXPENDITURE		REVENUE	
Actual		c/752	6,481	Actual		c/1687	354,747
Internal		c/778 (chapter 042)	354,747	Internal		c/1068 (chapter 042)	354,747
TOTALS	---	TOTALS	361,228	TOTALS	354,747	TOTALS	354,747

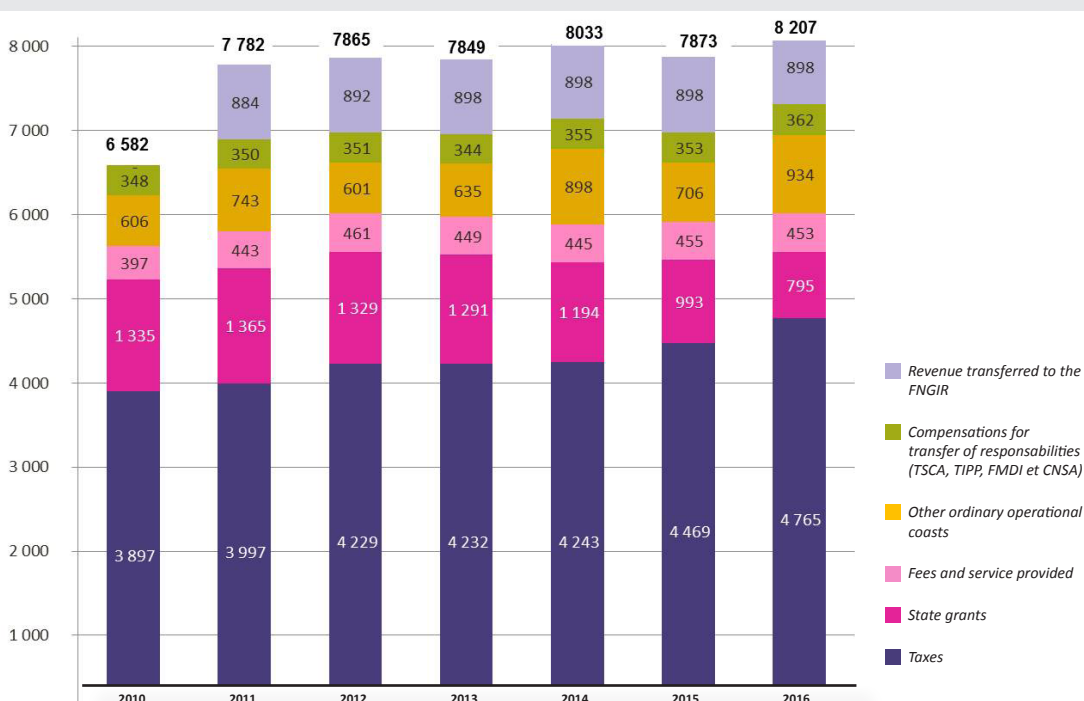
- The **annual share** of revenue is recorded in actual operational revenue: €6.5 million
- The **capitalised share** is recorded in actual investment revenue: €354.8 million

Through internal movements (chapter 042-040), the **investment revenue is transferred entirely into the operational section**. Overall, €361.2 million of operational revenue was received in 2016.

At the same time, ordinary rental revenue recovered from landlords decreased by €46 million.

- **Other ordinary operational revenue** amounted to €187 million, a reduction of €49 million compared with 2015. This reduction is explained mainly by the reform of third party accounts, which are being progressively transferred to the investment section, thus generating a reduction in expenditure and revenue. Collection from beneficiaries reached €81 million, which is a reduction of €8 million compared with 2015, due to the effect of the downward trend in the number of elderly persons benefiting from social assistance. At the same time, extraordinary revenue of €7 million was received for the purpose of returning the general surplus from the secondary budget from departmental establishments for child social services to the general budget.
- **Extraordinary revenue**, amounting to €31 million, was higher by €16 million compared with the 2015 AA, mainly due to the recovery of a €9 million VAT credit on the local authority's operational expenditure for financial years 2012-2014 and due to the receipt of €7 million in penalties for unavailable bicycles under the Velib' contract for the years 2012 to 2015.
- Finally, **financial revenue** grew by €1.5 million to reach €27 million.

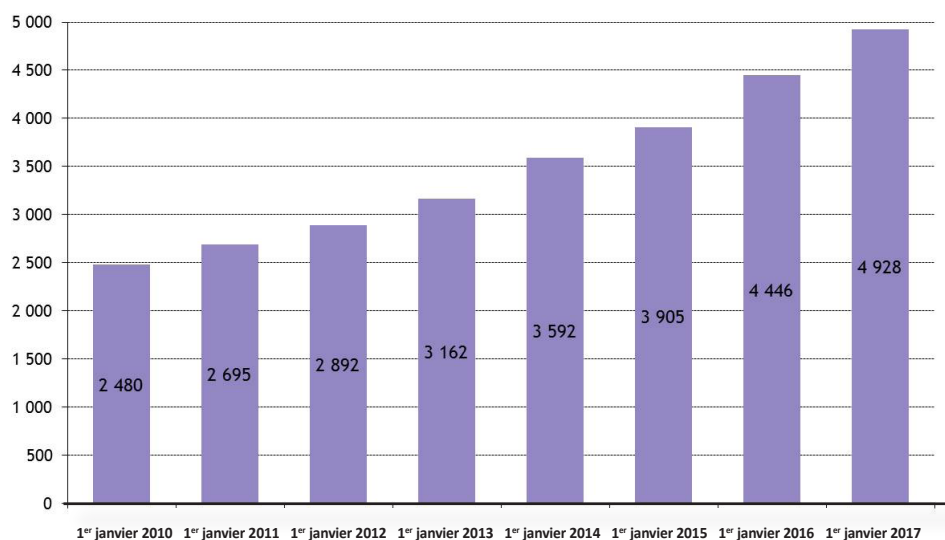
EVOLUTION OF ORDINARY OPERATIONAL REVENUE FOR THE PARIS LOCAL AUTHORITY SINCE 2010 (IN € MILLION)



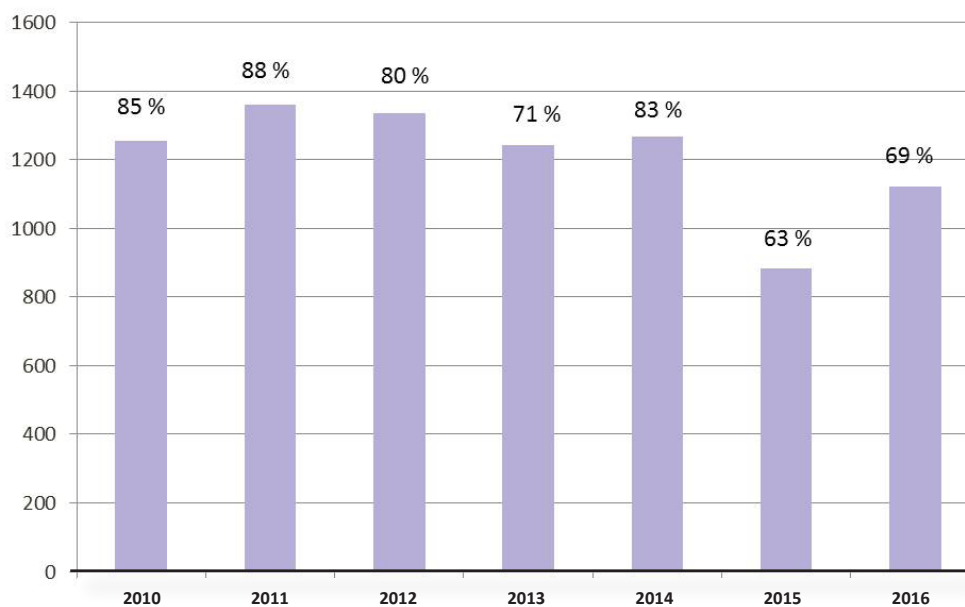
► 2.2.3. LIMITED DEBT

BANK AND BOND DEBT STOOD AT €4,928 MILLION ON 31 DECEMBER 2016, TO WHICH WERE ADDED “OTHER DEBTS” WORTH €230.5 MILLION. THE LATTER COVERS DEBTS CONTRACTED DURING THE COURSE OF DEVELOPMENT OPERATIONS, DEBTS LINKED TO PUBLIC PRIVATE PARTNERSHIPS AND THE REPAYMENT SCHEME FOR THE LOAN FOR THE *PHILHARMONIE DE PARIS*.

EVOLUTION OF OUTSTANDING BANKING DEBTS AND BONDS (IN € MILLION)

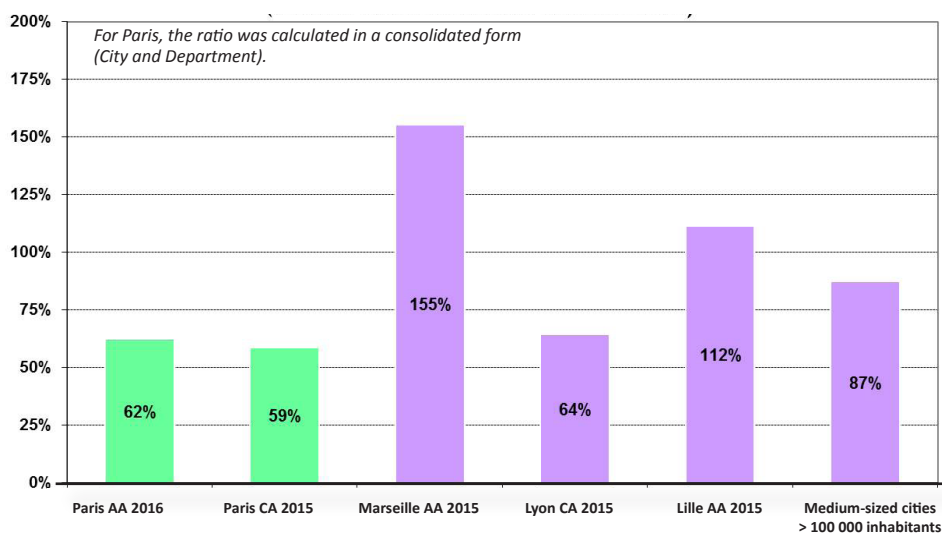


INVESTMENT FINANCING CAPACITY OF THE PARIS LOCAL AUTHORITY SINCE 2010 IN € MILLION AND IN % OF THE AMOUNT OF INVESTMENT MADE



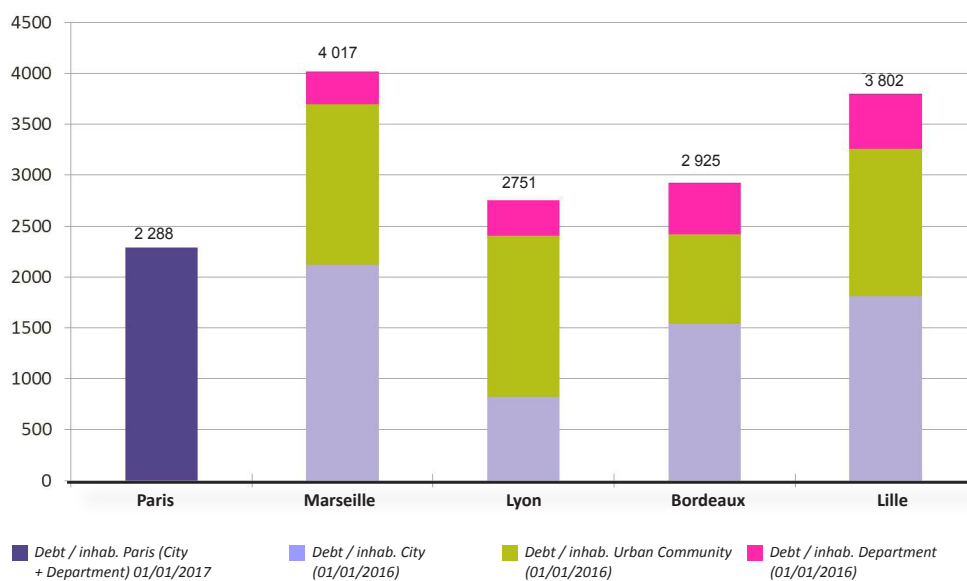
COMPARISON OF THE DEBT RATIO (OUTSTANDING DEBT / ACTUAL OPERATIONAL REVENUE)

Sources : DGCL / Mnefi database



DEBT PER INHABITANT / DATA COMPARISON (IN EUROS)

Source: Documentation from the Directorate General for Local Authorities



II/ PRESENTATION BY POLICY

1/	HOUSING
2/	PLANNING, URBAN SERVICES AND ENVIRONMENT
3/	ECONOMIC DEVELOPMENT
4/	CULTURE
5/	WELFARE AND SOLIDARITY
6/	FAMILY
7/	SPORT AND YOUTH
8/	EDUCATION AND TRAINING
9/	SECURITY
10/	GENERAL SERVICES

METHODOLOGICAL COMMENT :

The sectors presented represent the accounting categories defined by the M14 and M52 budgetary and accounting instructions. To facilitate a consolidated presentation of the City and the Department and in order to guarantee a comprehensive presentation of the abovementioned policies, the following groupings had to be established :

	CITY ACCOUNTING CATEGORIES	DEPARTMENT ACCOUNTING CATEGORIES
Housing	7	72, 70
Planning and urban services, environment	81, 82, 83 + <i>Les Halles, embankment roads</i> (020)	71, 8, 61, 73
Economic development	9	9
Culture	3	31
Welfare and solidarity	5	5, 4
Family	6	
Sport and youth	4	32, 33
Education and training	2	2
Security	1 + subsidy for Departmental directorate for social cohesion and public protection (DDCSPP) (020)	1
General Services	0 excluding <i>Les Halles, embankment roads</i> and subsidy for Departmental Service for social cohesion and protection (DDCSP)	0

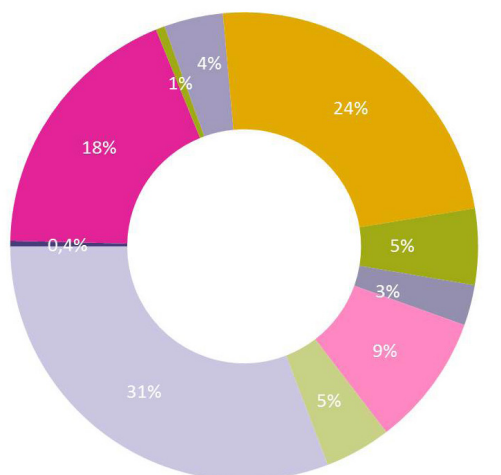
Furthermore, the budgets presented below are expressed in terms of actual payment credits, and do not include “internal credits” dedicated to balanced accounting records in expenditure and revenue, which are generally neutralised in financial analysis; these are described at the end of the report (part III). Also neutralised are the cross flows between City and Department, as well as operations which are balanced in expenditure and revenues in order to record the actual financial effort of the authority in favour of the different policies implemented.

FINALLY, IT SHOULD BE NOTED THAT A LARGE PORTION OF PAYROLL EXPENDITURE IS CURRENTLY DEDUCTED FROM THE CATEGORY 0 “GENERAL SERVICES” SINCE IT IS NOT POSSIBLE TO BREAK IT DOWN BY POLICY FOR TECHNICAL REASONS; THEREFORE, THE PAYROLL BY POLICY, AS PRESENTED BELOW, IS INEVITABLY REDUCED, WHILE THE ENTRIES ON CATEGORY 0 ARE INCREASED BY THE SAME AMOUNT. WORK IS UNDERWAY IN ORDER TO ULTIMATELY BREAK DOWN THIS EXPENDITURE MORE PRECISELY BY POLICY.

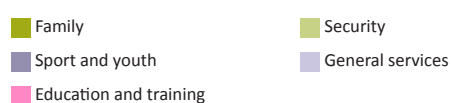
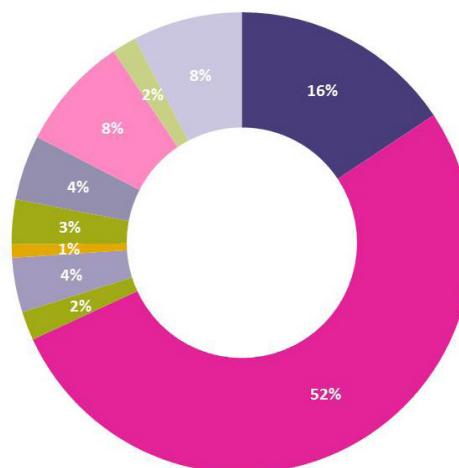
INTRODUCTORY REMARKS

BREAKDOWN OF EXPENDITURE BY POLICY IN THE 2016 AA

OPERATIONAL EXPENDITURE (INCLUDING PAYROLL)
2016 AA

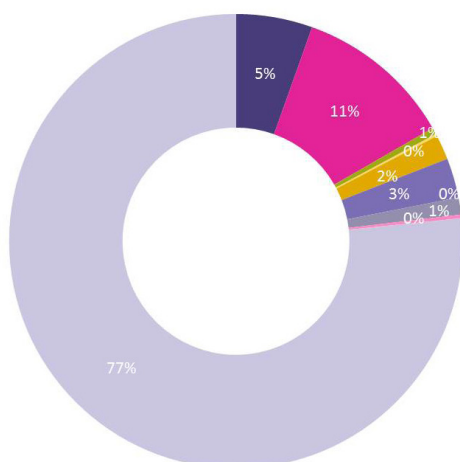


INVESTMENT EXPENDITURE - 2016 AA

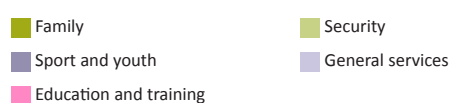
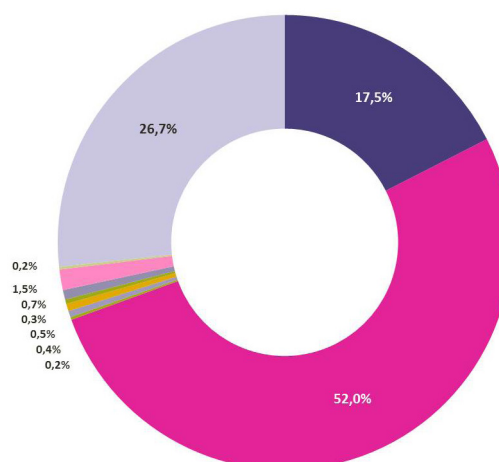


BREAKDOWN OF REVENUE BY POLICY IN THE 2016 AA

OPERATIONAL REVENUE – 2016 AA



INVESTMENT REVENUE – 2016 AA



CONNECTION BETWEEN THE GENERAL PRESENTATION (PART I) AND THE PRESENTATION BY POLICY (PART II) IN THE 2016 AA.

The tables below present the connection between the inevitable accounting perspective presented in the first section and the perspective by policy presented in the second part of the report, as well as the flows which allow for the application of the financial analytical scope used in this report to those of the budgetary documents.

(Expressed in EUR million)

OPERATIONAL EXPENDITURE - 2016 AA

VIEW BY TYPE

Personnel expenditure	2 252,2
General costs	776,1
Welfare	1 610,6
Subsidies and financial contributions	537,9
Contributions	772,8
Equalisation expenditure	491,4
FNGIR	898,2
Other ordinary management costs	178,0
Financial expenditure	132,6
Extraordinary costs	33,5
TOTAL ACTUAL OPERATIONAL EXPENDITURE (A)	7 683,4

VIEW BY CATEGORY

28,3	Housing
1 362,6	Planning and urban services, environment
47,4	Economic development
313,4	Culture
1 824,8	Welfare and solidarity
413,3	Family
214,8	Sport and youth
697,3	Education and training
360,1	Security
2 420,8	General Services
7 683,4	TOTAL ACTUAL OPERATIONAL EXPENDITURE (A)

The scope of the budgetary documents adds to these expenses the flows described below, which are neutral from a financial analysis viewpoint as balanced in terms of expenditure and revenue within the consolidated budget :

NEUTRALISATIONS (B)

1 124,6

Expenditure on internal transfers between sections (chapter 042)	601
Reimbursement by the City to the Department of the Department subsidy	2,2
Reimbursement by the Department to the City of elected official staff fees	1,4
Contribution City to Department	420
Contribution of the Department to the recovery of public finances	82
Deferred income for long lease of Porte de Versailles	11,7
Mixed reimbursement City/ Department on visitors' tax	6,3
TOTAL BUDGET(A) + (B)	8 808

TOTAL OPERATIONAL REVENUE - 2016 AA

VIEW BY TYPE

Taxes	5 663
Compensation payments for transfer of competencies	362
State subsidies ⁽¹⁾	795,4
Subsidies and financial contributions	265,4
Operational revenue	452,6
ZAC surplus	2,1
Other ordinary operational revenue	665,9
Financial revenue	26,6
Extraordinary revenue	31,0

TOTAL ACTUAL OPERATIONAL REVENUE (A) 8 264

VIEW BY CATEGORY

450,5	Housing (of which 778 account)
929,9	Planning and urban services, environment
39,2	Economic development
13	Culture
145,4	Welfare and solidarity
232,7	Family
100,6	Sport and youth
20,9	Education and training
0,7	Security
6 330,8	General Services

8 264 TOTAL ACTUAL OPERATIONAL REVENUE (A)

The scope of the budgetary documents adds to these expenses the flows described below, which are neutral from a financial analysis viewpoint as balanced in terms of expenditure and revenue within the consolidated budget :

NEUTRALISATIONS (B)

1 211,1

Revenue on internal transfers between sections (chapter 042 excluding account 778)	501,5
Reimbursement by the City to the Department of the Department subsidy	2,2
Reimbursement by the Department to the City of elected official staff fees	1,4
Contribution City to Department	420
Deduction from the General operating grant for the City	82
Deferred income for long lease of Porte de Versailles	11,7
Mixed reimbursement City/ Department on visitors' tax	6,3
Revenue from sales	186

RECEIPT OF CAPITALISED RENTS IN OPERATIONAL SECTION (DEROGATION) (C)

354

TOTAL BUDGET (A) + (B) - (C)

9 121

⁽¹⁾ State, Department, Region, ESF, Social Security, recovery of overpayments, etc....

INVESTMENT EXPENDITURE - 2016 AA

VIEW BY TYPE

Intangible assets	22,4
Facilities grants	460,4
Acquisitions	401,5
Public works	618,7
Operations on behalf of third parties	15,3
Loans granted	0
Other actual investment expenditure	110,7

TOTAL ACTUAL INVESTMENT EXPENDITURE (A) **1 628,9**

VIEW BY CATEGORY

255,1	Housing
854,2	Planning and urban services, environment
33,1	Economic development
62,4	Culture
15,3	Welfare and solidarity
50,9	Family
74,2	Sport and youth
130,7	Education and training
27,9	Security
125,2	General Services

1 628,9 **TOTAL ACTUAL INVESTMENT EXPENDITURE (A)**

The scope of the budgetary documents adds to these expenses the flows described below, which are neutral from a financial analysis viewpoint as balanced in terms of expenditure and revenue within the consolidated budget :

NEUTRALISATIONS (B)

1 191,3

Expenditure on internal transfers between sections (chapter 040 excluding 1068)	147,5
Transactions relating to assets (chapter 041)	376,3
Balanced operations neutralised (including 1068)	467,6
Revolving credit lines (type 16449)	0
Repayment of loans	200

TOTAL BUDGET (A) + (B)

2 820,2

INVESTMENT REVENUE - 2016 AA

VIEW BY TYPE

Subsidies and grants received	279
Proceeds from sale of fixed assets	173
Operations on behalf of third parties	8,6
Loan repayments	13,4
Other financial assets	43
Other actual investment revenue	20,8
TOTAL ACTUAL INVESTMENT REVENUE (A)	537,9

VIEW BY CATEGORY

94,2	Housing
279,5	Planning and urban services, environnement
1,1	Economic development
2,4	Culture
2,8	Welfare and solidarity
1,7	Family
3,7	Sport and youth
7,9	Education and training
1	Security
143,7	General Services
537,9	TOTAL ACTUAL INVESTMENT REVENUE (A)

The scope of the budgetary documents adds to these expenses the flows described below, which are neutral from a financial analysis viewpoint as balanced in terms of expenditure and revenue within the consolidated budget, as well as the loan amount :

NEUTRALISATIONS (B)

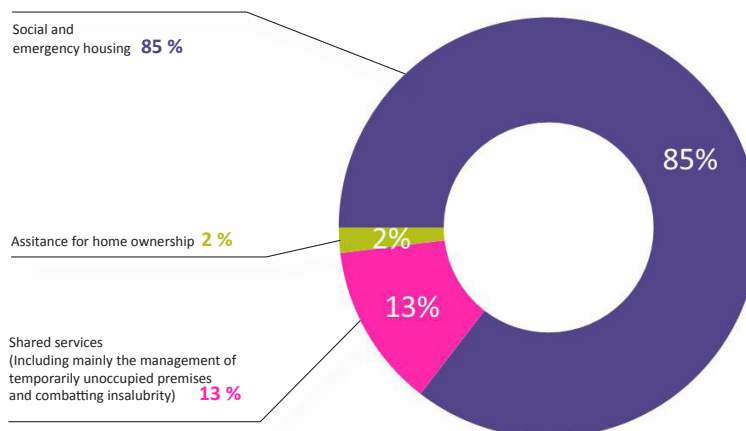
1 984,7

Revenue on internal transfers between sections (chapter 40) excluding gains from sales	428
Transactions relating to assets (chapter 041)	376,3
Balanced neutralised operations (including 16878 and 1068)	500,4
Revolving credit lines (type 16449)	0
New loans excluding issue premiums (types 16311 and 1641)	680

TOTAL BUDGET (A) + (B)

2 522,6

CONSOLIDATED HOUSING BUDGET - 2016 AA



IN € MILLION	2014 AA	2015 AA	2016 AA
Operational budget expenditure	32	29	28.3
of which payroll	18.2	18.3	18.3
Investment expenditure	316.1	222.5	255 *
Operational expenditure	177.5	143.1	450.5
Investment revenue	81.3	69.9	94.2

* Hors acquisitions foncières

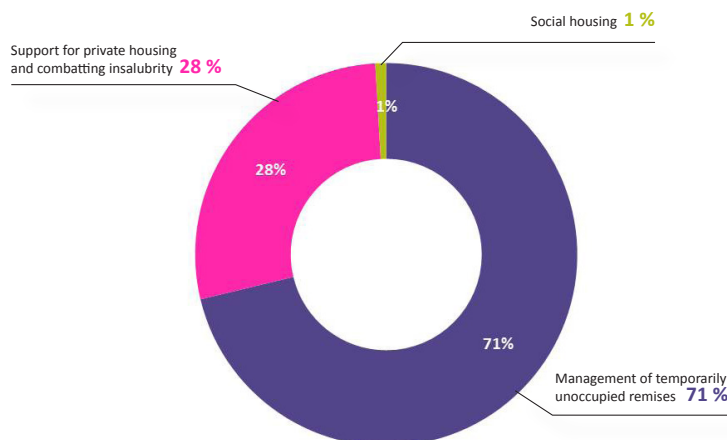
OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOCATED TO HOUSING REACHED €28.3 MILLION, OF WHICH €18.3 MILLION WAS SPENT ON PAYROLL.

Expenditure on personnel working on housing stabilised between 2015 and 2016.

Excluding payroll, **operational expenditure linked to housing reached €9.9 million, down by €0.7 million compared with 2015**, mainly due to the 2015 extraordinary financing of studies and research by urban and social consulting companies (MOUS) for the launch of a treatment plan for migrant worker residencies (FTM) using department funds.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



Shared services run by the department of housing and accommodation accounted for most of the operational expenditure, and stood at €9.8 million in the 2016 AA (a reduction of €0.1 million compared with 2015).

This amount corresponds primarily to expenditure for managing for temporarily vacant premises awaiting works. It stood at €7 million (which is a reduction of €0.5 million) and included €1.8 million in property tax, €1.3 million in co-ownership charges and €0.6 million of expenditure on building maintenance.

It also included operating subsidies paid by the Authority to support private housing and tackling insalubrity (€2.7 million, +€0.3 million compared with 2015). This growth is explained by a greater mobilisation of grants for the management of co-owned housing experiencing difficulties (+€0.5 million) as well as the extraordinary compensation payment made to applicants who were unsuccessful in the Participatory Housing call for projects (+€0.2 million). Among these subsidies, €1.1 million was paid to Soliha Paris-Hauts-de-Seine-Val-d'Oise, an association specialised in housing improvement, and €0.8 million to the Departmental Association for Information for Housing.

Grants in the rental sector reached €0.2 million in the 2016 AA.

OPERATIONAL REVENUE LINKED TO HOUSING REACHED €450.5 MILLION IN THE 2016 AA, AN INCREASE OF €307 MILLION COMPARED WITH 2015. THIS LARGE INCREASE IS EXPLAINED BY THE DEPLOYMENT OF THE CONTRACTING POLICY FOR SOCIAL HOUSING LED BY THE LOCAL AUTHORITY AND THE INCREASE IN CAPITALISED RENTS WHICH HAD ARISEN FROM IT.

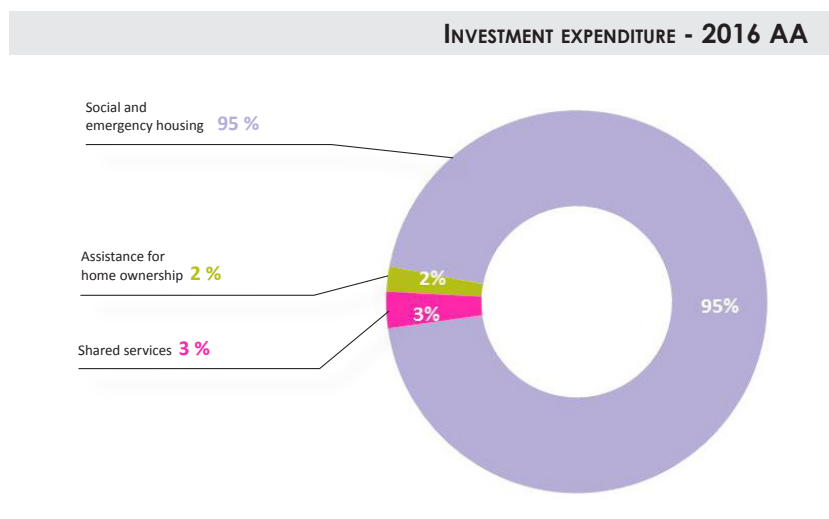
Rental revenue excluding capitalised rents was €87 million in the 2016 AA, a reduction of 6% compared with 2015, even when considering changes within the housing stock.

Revenue from **capitalised rentals** from the available stock of social housing owners, reached €354 million in the 2016 AA. The mechanism ⁽¹⁾ generating this revenue is outlined in part I of this report regarding the general presentation of the balance of the administrative accounts in 2016. It includes nearly €20 million of revenue derived from transfers of pre-emptive property rights to the City. Revenue derived from contracting the available stock of Paris Habitat stood at €280 million and that derived from Elogie-SIEMP €55 million.

Other revenue related to housing reached €9.2 million, a reduction of €1 million compared with 2015, mainly due to reductions in income from fees for services and other contributions.

⁽¹⁾ See details on page 16.

INVESTMENT SECTION



THE INVESTMENT BUDGET ATTRIBUTED TO HOUSING IN 2016 REACHED €435 MILLION, COMPARED WITH €370.9 MILLION IN 2015.

Social housing accounted for €241.5 million (compared with €212.6 million in 2015) for the financing of 7,502 additional homes (compared with 7,388 in 2015) of which €159.3 million in subsidies to social housing landlords and €82.2 million in credits conferred from the State.

In order to account for the total effort applied by the Authority to assist the housing sector, one should also include the **land acquisitions made in this sector amounting to €179.9 million** (compared with €148.4 million in 2015) recorded in the accounts of municipal land.

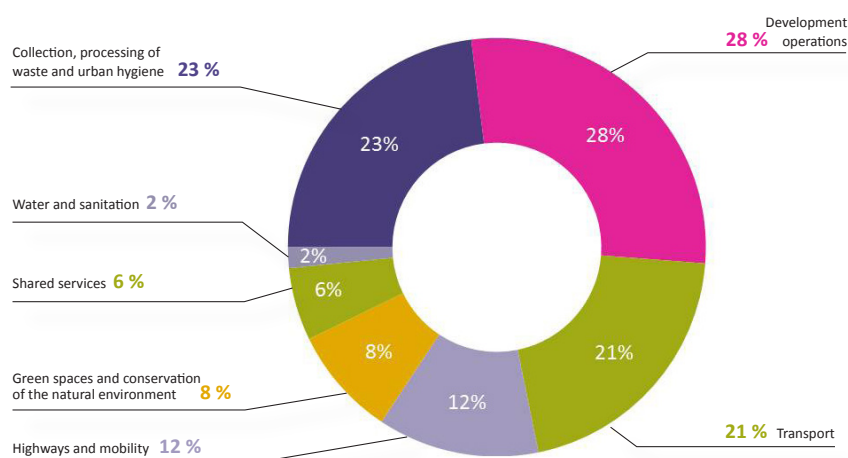
Furthermore, the subsidy paid to emergency housing centres was €0.1 million in 2016, an expense which is included in the social housing subsidies. €1.7 million were dedicated to preliminary works on the Ivry-sur-Seine emergency accommodation centre and the Paris accommodation centre.

Assistance for new home owners amounted to €5.5 million under the Paris housing loan mechanism.

Finally, €2.4 million were spent on the maintenance of public buildings.

€94.2 MILLION OF INVESTMENT REVENUE WAS RECEIVED FOR HOUSING, AN AMOUNT WHICH INCREASED COMPARED TO 2015 (€69.9 MILLION). MOST OF THIS REVENUE COVERED THE STATE REIMBURSEMENTS PAID FOR THE PURPOSE OF DEVOLVED RESPONSIBILITY. THE INCREASE IN REVENUE RECEIVED COMPARED WITH 2015 IS THUS EXPLAINED BY THE INCREASE IN THE AMOUNT OF CREDITS CONFERRED BY THE STATE.

2/ PLANNING, URBAN SERVICES AND ENVIRONMENT

CONSOLIDATED BUDGET FOR DEVELOPMENT, URBAN SERVICES
AND ENVIRONMENT - 2016 AA

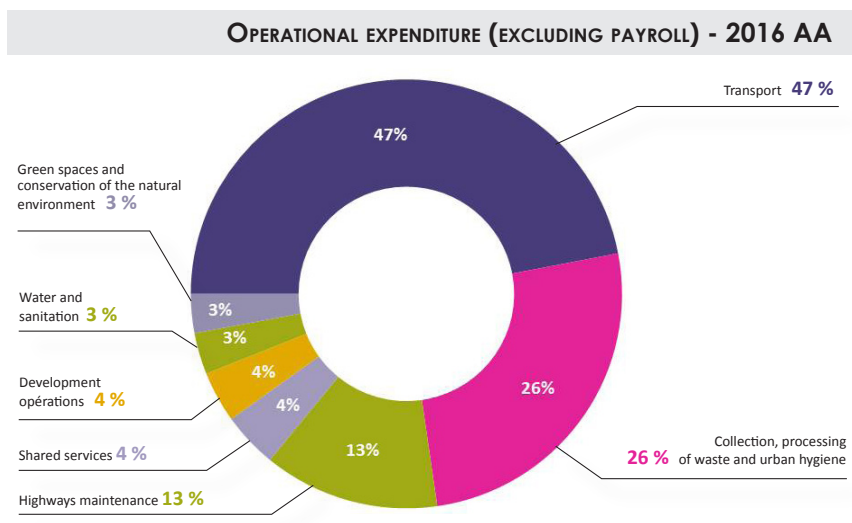
In €M	2014 AA	2015 AA	2016 AA
Operational budget expenditure	1,408.8	1,413.5	1,362.8
of which payroll	507.7	514.7	507.8
Investment expenditure	687	700.6	854.2
Operational revenue	1,155.3	975.6	930
Investment revenue	372.2	262.4	279.5

OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOCATED TO PLANNING, URBAN SERVICES AND THE ENVIRONMENT REACHED €1,362.6 MILLION, OF WHICH €507.8 MILLION FOR PAYROLL.

To reinforce its action for the cleanliness of public and green spaces, a policy to tackle antisocial behaviour has been developed with the creation of a dedicated department. In September 2016, 558 posts in the department of green space and the environment (DEVE) and 119 posts in the department of cleanliness and water (DPE) were transferred to the department for safety, security and protection (DPSP) to implement this policy. Concurrently, 100 posts were created within the framework of the plan for improving cleanliness (prior to 100 other posts created in the 2017 provisional budget).

The operational budget, excluding payroll, dedicated to this sector was €855 million, a reduction of 4.9% compared with the 2015 AA.



Transport represented the main expenditure line standing at €401.5 million compared with €398.9 million in 2015. This expenditure was mainly dedicated to the contribution to the Ile-de-France transport authority (STIF), which stood at €381.5 million, an increase of €3.7 million compared with 2015, within the framework of pursuing the objective to reinforce public transport supply. The second expenditure line concerned assistance for the transportation of disabled persons, with €12.8 million dedicated to the “helping mobility” service (PAM). The reduction of €1.6 million compared with the 2015 AA (€14.2 million) is linked to a delay in the transfer of invoices from the contractor at the end of 2016. Finally, the traverses (local level, low polluting minibus routes which connect less well-served areas to shops, offices and transport hubs) represent the third item of expenditure at €5.5 million in 2016. The total expenditure on this item is stable compared with 2015.

Expenditure concerning the **collection and treatment of waste, and hygiene** reached €220 million, a reduction of €8.4 million compared with 2015. This evolution was mainly due to the reduction in the tonnage of waste collected, which led to an adjustment in the contribution paid to the Intercommunal association for the treatment of household waste (SYCTOM). This reached €107.3 million in 2016 compared with €118.8 million in 2015.

Excluding the contribution to the SYCTOM, expenditure on **contracts for the collection of refuse and hygiene** increased by €2.5 million and represented €110.2 million (compared with €107.7 million in 2015), of which €55.2 million for the private collection of household and multi-material refuse (–€0.1 million compared with 2015), €14.5 million for mechanical cleaning, €12.8 million for the emptying of waste receptacles, €9.9 million for glass collection, €5.5 million for waste collection sites, €1.8 million for maintaining the highways, networks and tourist areas (increase of €0.3 million linked to the contract amendment signed in 2016 for the cleaning of the area surrounding Saint-Ouen) and €0.7 million other expenses for highway maintenance (the breakdown of the expenditure is detailed in the table below). Other expenditure regarding collection and cleanliness amounted to €0.9 million, of which €0.7 million on highway material supplies and €0.2 million for subsidies for cleaning. The reduction in expenditure on maintenance of waste receptacles is a consequence of their complete replacement, which was achieved in 2015. In fact, a new type of bin was chosen in 2013, and the deployment of 30,000 new receptacles over the whole Paris area was completed in 2015. From 2016, only vandalised or defective bins will be replaced.

**VARIATION 2016 AA / 2015 AA IN EXPENDITURE ON PUBLIC PROCUREMENT
FOR WASTE COLLECTION AND HYGIENE**

	2015 AA	2016 AA	% / 2015 AA
Collection of waste from paper bins	12 835 606	12 797 696	-0,30 %
Private collection of household and multi-material refuse	55 326 309	55 217 766	-0,20 %
Provision of collection bins	5 348 914	5 479 642	2,44 %
Pneumatic collection of household refuse	459 603	510 277	11,03 %
Glass collection	9 216 425	9 892 245	7,33 %
Waste collection sites	4 988 284	5 285 952	5,97 %
Collection of organic waste	-	225 668	-
Maintenance of receptacles and bins	302 494	47 729	-84,22 %
Graffiti removal	4 467 241	4 454 842	-0,28 %
Maintenance of highways and networks	777 502	1 012 255	30,19 %
Maintenance of tourism areas	746 927	768 853	2,95 %
Mechanical cleaning	13 217 374	14 455 233	9,37 %
TOTAL	107 686 679	110 148 257	2,29 %

Expenditure linked to **highway maintenance** ⁽¹⁾ reached €77.6 million, a reduction of €21.5 million compared with 2015. This reduction is due to the progressive decline in works undertaken on behalf of third parties, due to the new highway regulations. These works for third parties therefore accounted for €13.3 million in 2016 compared with €37.5 million in 2015 (-€24.2 million). On the other hand, €15.6 million was spent on the maintenance of roads and networks. This item covers all works for the maintenance of tunnels and the operation of the Boulevard Peripherique ring road (€2.4 million), expenditure on maintenance of roads and paths (€1.7 million), signage and maintenance of street furniture (€0.9 million), expenditure regarding highway maps (€1 million), as well as expenditure on the maintenance of traffic lights, which fell by €0.3 million in the context of the energy efficiency contracting (€7.7 million in 2016 compared with €8 million in 2015). Finally, within the expenditure on maintenance, expenditure on highway material supplies was €1.9 million, which is a decline of €0.4 million compared with 2015. On the other hand, Velib' services represented an expenditure of €17.6 million, compared with €18.8 million in 2015. This 2016 amount is reduced because it includes the application from 1 January of the distinct Velib' service sector regime, which requires the recording of expenditure and revenue linked to this activity excluding VAT. It also includes the payment of equalisations for an amount of €2 million. Expenditure linked to other services (in particular, automatic toilets, public toilets, retractable bollards) reached €18.1 million.

Expenditure linked to public lighting reached €35 million, of which €19.8 million was dedicated to energy efficiency contracting and €15.2 million to electricity consumption.

Operational expenditure linked to **urban development operations** reached €33 million, which is a reduction of €6.5 million compared with 2015. It included :

- maintenance of public facilities and the Forum des Halles and operational costs arising from the redevelopment operation (for a total amount of €8.5 million, compared with €8.8 million in 2015). The payment of property compensation managed by the commission for amicable settlement was, notably, down by €1 million due to the fact that the works on the glass canopy have been completed;
- subsidies paid to public bodies, amounting to €8.1 million, of which €6.4 million for the Paris urban planning office (APUR), €2.5 million for the Pavillon de l'Arsenal and €250k for the architectural advice bureau (CAUE);
- execution of contracts for providing private housing, which mobilised €5.2 million in 2016 including the commitments made to Eco-rénovons Paris and the operation to improve run-down housing (OHAD).
- finally, expenditure on fees in terms of urban planning was €6.4 million, compared with €4 million in 2015. This development can be explained by the increase in the envelope for the housing land stock.

Furthermore, no subsidy for development operation deficit was paid in 2016 (€4.8 million was paid to this end in 2015).

Expenses linked to **water and sanitation** represented €26.7 million, compared with €31.8 million in 2015. The contribution of the City to the subsidiary budget for sanitation for rainwater was €21.5 million. This amount, determined as a function of the ratio of operational expenditure of the subsidiary budget (decree of 12 December 1978), fell by €4 million compared

⁽¹⁾ In the "general equilibrium" section, highway maintenance expenditure covers all the areas of intervention of the Paris local authority while, in this section, expenditure specifically covers the municipal highway, roads and supplementary highway facilities.

with 2015. Furthermore, the contribution to the budget of the regional public establishment for the Seine Grands Lacs catchment area was €5.2 million, a reduction of €1 million compared with 2015..

Other expenditure linked to urban development was €21 million, a reduction of €3.5 million compared with 2015. This reduction was a result of the drop in property rentals (-€1.4 million) and property tax (-€1.1 million). Shared services in the highway and transport department (DVD) amounted to €5.4 million in 2016 compared with €8.3 million in 2015. Furthermore, €12.4 million were dedicated to above-ground paid parking, which is a decrease of €0.5 million compared with 2015. This expenditure includes €3.9 million for the contract for operating above-ground parking for coaches, €3.8 million for the supply and the distribution of the Paris Carte and €1 million for the implementation of the contract for the installation of parking spaces for tourist coaches.

Expenditure linked to support functions of the DEVE was €2.9 million, of which €0.7 million were local taxes and €0.5 million were compensation payments and legal fees.

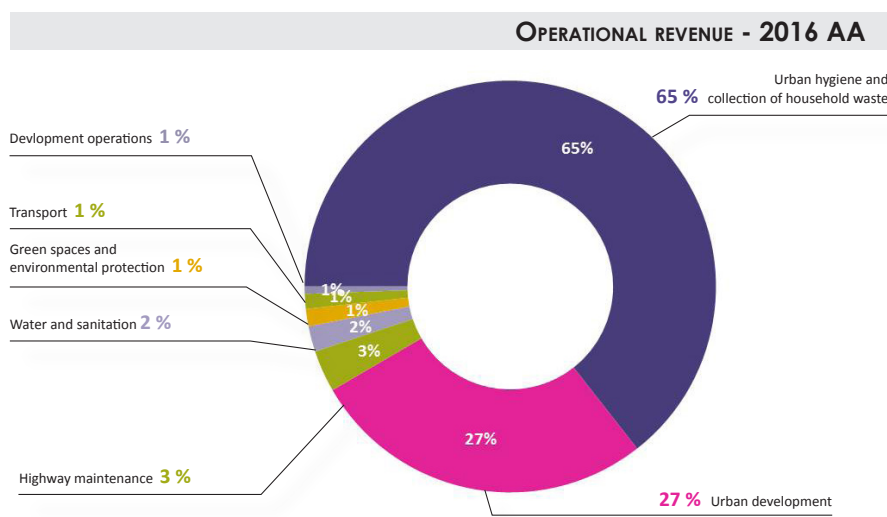
Expenditure regarding green space stood at €16.2 million, compared with €16.6 million in 2015, due to the rationalisation of expenditure on maintenance and watering. This expenditure included €3.8 million for horticultural supplies (tools, plants, materials), €3.5 million for water consumption, €2.8 million for land maintenance (compared with €3.2 million in 2015), €2.7 million for the maintenance and upkeep of buildings, and €1.6 million for external services (in particular, green waste and cleaning).

Environmental protection consumed €3.2 million in 2016 (an increase of €0.1 million compared with 2015). The subsidy for sustainable development and the Climate Plan was €1.1 million. Expenditure on studies amounted to €1 million, in the areas of environment, architecture, hygiene and urban planning.

Expenditure linked to **canal** maintenance amounted to €4.7 million, an increase of €0.5 million. €2 million were spent on upkeep and maintenance, essentially on roads and networks (€0.9 million) and €1.9 million on local taxes, in particular €1.4 million for the occupation of publicly accessible waterways.

Shared services linked to other urban services accounted for €14.7 million, which is a reduction of €0.7 million compared with the 2015 AA. They included expenditure on fuel (€5.5 million, against €5.9 million in 2015) supplies of small scale equipment (€0.7 million) and maintenance and upkeep costs (€1.9 million).

OPERATIONAL REVENUE WAS RECEIVED FROM THIS CATEGORY AT AN AMOUNT OF €930 MILLION. THIS REVENUE WAS DOWN BY €45.7 MILLION COMPARED WITH 2015 (I.E. LESS 5%) DUE TO THE REDUCTION IN REVENUE LINKED TO WORKS UNDERTAKEN FOR THIRD PARTIES, IN ACCORDANCE WITH THE NEW HIGHWAY REGULATIONS.



Shared services linked to other urban services accounted for €252.2 million, which is a reduction of €3 million compared with the 2015 AA. Parking fees were the main resource with €108.7 million (-€1.2 million). Fees paid by farmers and contractors stood at €69.4 million (-€2.3 million). Highway duties reached €43.2 million. Their reduction by €3.3 million compared with 2015 is explained by the suspension of tax on heating and screens on outside terraces, as well as by the reduction in fees on fencing, scaffolding and signage. Finally, revenue received from provision of services reached €5.7 million, and revenue from local tax on outside advertising reached €9 million.

Expenditure linked to **highway maintenance** reached €30.4 million, a reduction of 44%. This fall was the result of a reduction in reimbursements received for works undertaken on behalf of third parties, which fell by €30.9 million under the effect of the reform mentioned above. Furthermore, €15.1 million in Velib' revenue was received in 2016, a reduction of €5.5 million, which was due to the entry into effect of the sector specific tax regime, which implies deduction of VAT from the initial revenue amount.

Expenditure linked to **transport** reached €10.8 million, a reduction of €0.1 million compared with 2015. It included €4.6 million in contributions from STIF (-€0.1 million), €3.8 million in contributions from the Ile-de-France Region and €2.2 million in contributions from users of the "PAM75" service.

In terms of **urban hygiene and the collection of household waste**, revenue reached €599 million, with revenue from the tax on removal of household waste (TEOM) reaching €467 million, an increase of €8.9 million compared with 2015 (of which +€3.9 million for the physical change in bases, +€4.6 million for the revaluation of the set fee via finance legislation and +€0.4 million for subsidiary functions). In the 2016 AA, the TEOM appendix showed a deficit of €1.5 million, with operational and investment expenditure linked to the collection of household waste representing €468.5 million, against revenue of €467 million. Revenue from street cleaning tax at €104.4 million was stable compared with that of 2015. The revenue from the fees for household waste (RDNM) reached €19.8 million, as in 2015.

€6 million of revenue related to **urban green spaces** was received in 2016, a reduction of €0.7 million compared with 2015. This revenue was made up mostly of €2.5 million of income from works undertaken for third parties and €1.7 million in repayment of fees.

Revenue received for actions taken by the City for **environmental protection** amounted to €0.3 million. It fell by €1.1 million compared with 2015, a year notable for the payment by the environment and energy efficiency agency (ADEME) of a contribution of €1.3 million for the local programme for waste prevention (PLPD).

Expenditure linked to **canal** operation amounted to €6.3 million, an increase of €0.3 million compared with 2015. It included in particular revenue from sales of non-potable water (€2.9 million) and from parking fees and rental of the public waterway areas (€1.4 million).

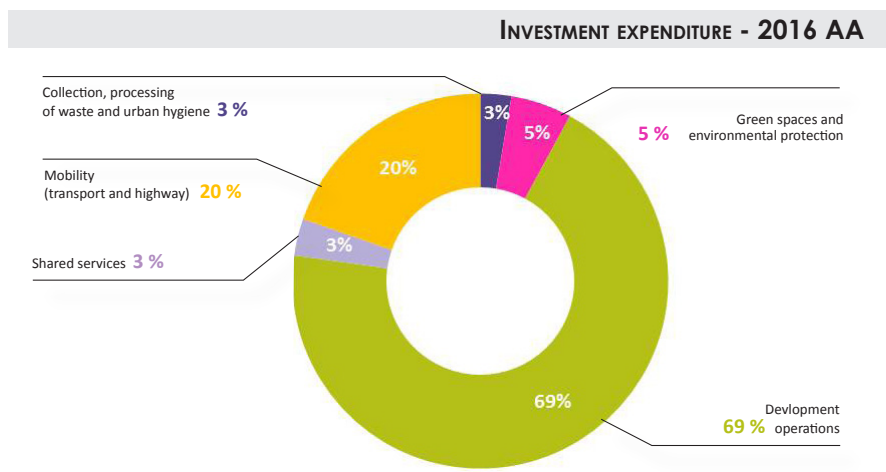
Revenue received for **water and sanitation** services stood at €18.8 million, a reduction of €1.9 million. This reduction was mainly due to the decline in reimbursement for staff provided by the Interdepartmental Association for Sanitation in the Paris Region (SIAPP) and the Interdepartmental Association for Dams and Reservoirs (SIIBRBS), which accounted for €5 million (-€2.1 million compared with 2015) and €0.4 million (-€0.2 million) respectively. Income from buildings increased by €0.4 million to stand at €0.6 million (fees from the Paris water company (EDP) for rental of premises).

Fees for occupation of networks (excluding the Paris sewers) paid by EDP, reached €5.3 million in 2016, as in 2015, due to the application of a regulation placing a cap on the public domain occupation fees for works of the water and sanitation public services.

The contribution from the subsidiary budget for sanitation for reimbursement of fees to the general budget was carried over from the 2015 amount, which was €7.5 million.

Finally, expenditure linked to urban development operations amounted to €5.2 million, a reduction of €9 million compared with 2015. This reduction was due mainly to the ZAC surplus which reached €2.1 million (-€9.7million) due to the overrun of the finalisation of certain operations which carried over the receipt of surplus.

INVESTMENT SECTION



EXPENDITURE RELATED TO PUBLIC SPACE REACHED €854.2 MILLION IN 2016 COMPARED WITH €700.6 MILLION IN 2015.

Development and property acquisition activities accounted for €591.8 million.

Urban planning operations consumed €142.4 million, mainly dedicated to the progress on the development of the Clichy-Batignolles and Beaulieu ZACs, as well as the Eole Evangile or the Rue Pouchet areas.

€348 million were spent on property acquisitions, of which an envelope of €179.9 million for the purchase of private accommodation for the purpose of conversion into social housing and €168.1 million on new facilities, with €94.6 million invested in the works for relocating the central services into a new building in the Joseph Bédier ZAC in Porte d'Ivry (13th arrondissement), which will allow the relocation and centralisation on one site of staff from different departments of the Paris local authority, the reoccupation of the 'gates' of Paris and recovery of a building located in the centre of Paris in the context of a call for innovative projects, and €23 million as first payment for the acquisition of the Bourse de Commerce building.

Finally, for the **Les Halles site**, €101.4 million were spent on works in 2016.

As for **mobility (transport and highways)**, investments reached €167.6 million. Part of this investment was allocated to public transport, of which €49.9 million for line 14 metro (extension and adaptation of stations) and €33.1 million for the extension of the T3 tramway line. In addition, €22 million was spent on development operations, including €14 million on the Rue Cardinet (17th arrondissement). €15.4 million was allocated to public lighting, including in the context of energy efficiency contracting and €10.5 million financed highway maintenance works. Lastly, €7.1 million were mobilised for ecological transport, and €6.9 million were allocated to operational and maintenance expenditure on the Boulevard Périphérique ring road.

For **green spaces, canals and the environment**, the local authority invested €44 million. The replanting of rows of trees cost €2.5 million, and €1.1 million was spent on implementing the objective of planting 20,000 extra trees in the capital. Canals were allocated €9.8 million, including €7 million for the closure and the renovation of the Canal Saint-Martin. Lastly, €4.1 million was allocated to the installation of an encampment for Roma and Travellers in the Bois de Vincennes forest and park.

Investment for **urban hygiene** amounted to €22.7 million, including €19.8 million for the modernisation of collection and cleaning vehicles. The redevelopment of hygiene staff premises at Place Pouchet (17th arrondissement) cost €1.5 million.

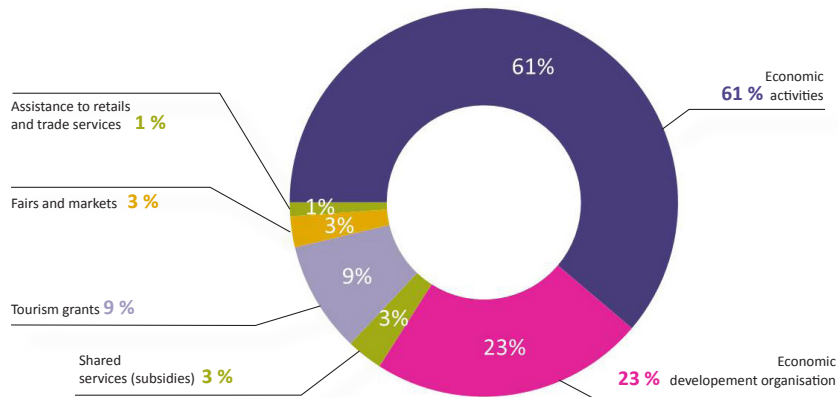
ACTUAL PUBLIC SPACE INVESTMENT REVENUE REACHED €279.5 MILLION.

Revenue derived from the **property stock** accounted for €201.1 million divided between €166.5 million of revenue from sales and €36.4 million received for scheduled sales undertaken in previous financial years.

Income from fines (€34.6 million) was allocated to investment for transport, in addition to the regional co-financing for mobility policy, in the same way as €16.1 million received for the extension of the T3 Tramway line and €0.9 million for the rapid bus transport system (Mobilien).

3/ ECONOMIC DEVELOPMENT

CONSOLIDATED BUDGET FOR ECONOMIC DEVELOPMENT - 2016 AA



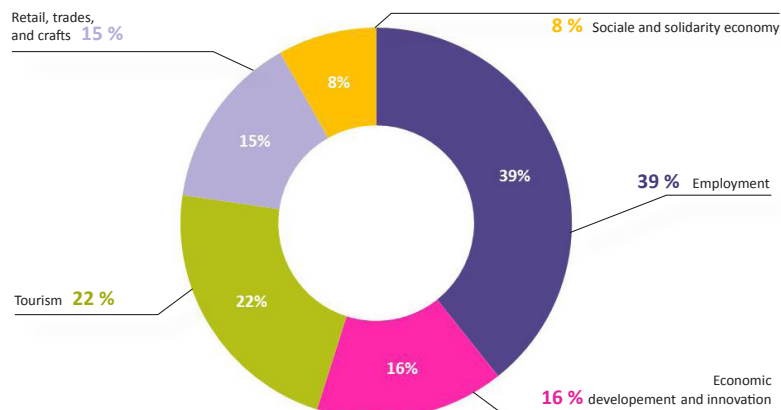
IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operational budget expenditure	48.8	47.5	47.4
of which payroll	18.1	12.1	12
Investment expenditure	13.3	32.1	33.1
Operational revenue	36.3	34.9	39.2
Investment revenue	0.6	15.1	1.1

OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO ECONOMIC DEVELOPMENT REACHED €47.4 MILLION, OF WHICH €12 MILLION WAS SPENT ON PAYROLL.

Excluding payroll, operational expenditure linked to economic development and attractiveness of the Paris area reached €35.2 million and was almost the same as in 2015 (€35.4 million).

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



The main expenditure by the City in terms of economic development concerned **the policy of support for employment**, which amounted to €13.4 million in the 2016 AA, which was stable compared with 2015.

The departmental plan for access to employment, renamed Paris Formation Pour l'Emploi, accounted for €2.4 million (compared with €3 million in 2015) of which €1.1 million was for grants and €1.3 million was spent on training. This trend is due to a redeployment of certain credits to subsidies that also facilitate access to employment. Therefore, subsidies reached €3.7 million for the youth employment and social integration offices, an increase of €0.4 million compared with 2015, and €3.8 million for access to employment, an increase of €0.6 million compared with 2015.

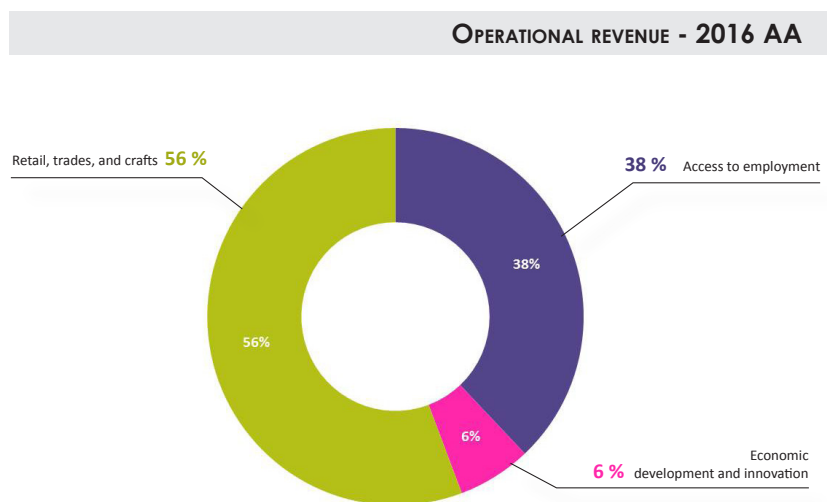
Expenditure on **tourism** reached €7.6 million in the 2016 AA, an increase of €0.3 million compared with 2015. For the most part, this expenditure was on subsidies, of which €6.2 million went to the Paris Tourism and Congress Office. The increase of 4% compared with the 2015 AA is linked to the deployment of the Voluntary Civic Service within the Unis-Cité association.

Expenditure on **economic development and innovation** accounted for €6.4 million, compared with €10.5 million in 2015, a year marked by an extraordinary expenditure of €3.2 million for the reimbursement of overpayment of rent paid within the framework of the agreement protocol for the cancellation of property agreements concluded with the private company for property management (SAGI) and the City of Paris property authority (RIVP). Within this expenditure, subsidies covered the bulk of the amount. €3.2 million were spent on economic development, of which €3 million for Paris&Co, and €1.1 million on innovation for enterprise zones and business incubators.

Expenditure linked to **trade and crafts** accounted for €5 million, an increase of €2.2 million compared with 2015. €0.8 million of this increase was due to the payment of extraordinary solidarity grants to businesses located near the sites of the terrorist attacks of 13 November 2015. €0.6 million was spent on the reimbursement of the collection of waste in the Saint-Germain, Saint-Quentin, Saint-Martin and Passy markets, as well as the new system of grants for Parisian newspaper stands which stood at €0.4 million. Subsidies paid to retailers accounted for €0.7 million, mainly for the Christmas illuminations. €0.7 million were also allocated in support of arrangements for the Foire du Trône amusement park and €0.4 million in support of the arts and crafts sector (including €0.1 million on grants and prizes). Lastly, €0.3 million was spent on the operating costs of "Frigos" and the "Ateliers de Paris" workshops.

The **social and solidarity economy** accounted for €2.8 million in 2016 (including €1.6 million of subsidies), which is an increase of €1.4 million compared with the 2015 AA. This change was due to €0.3 million allocated to the development of the circular economy and €1.1 million for a technical transfer measure within the framework of the Paris Plan for Integration and Employment (PPIE).

OPERATIONAL REVENUE LINKED TO ECONOMIC DEVELOPMENT REACHED €39.2 MILLION IN THE 2016 AA, AN INCREASE OF €12.3 MILLION COMPARED WITH 2015.

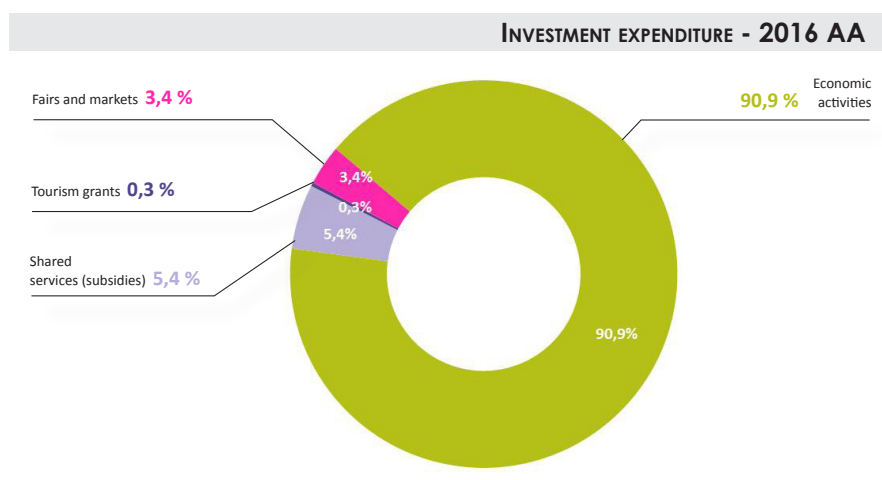


Revenue linked to **access to employment** showed an increase of €3.9 million compared with 2015, mainly due to an increase in State aid linked to the increase in the number of people taken on via subsidised contracts and youth employment assistance contracts. It stood at €14.9 million in 2016, compared with €11 million in the preceding year.

However, revenue linked to **economic development and innovation** declined by €7 million compared with 2015 and reached €2.5 million in the 2016 AA. This reduction was due to 5.8€ million of extraordinary revenue in 2015 as provided for by the agreement protocol mentioned above, regarding the cancellation of property agreements signed with the SAGI and the RIVP (balance of rent owed to the City). Furthermore, rent income fell, following the sale of buildings (€-0.9 million).

Revenue related to **retail and craft** increased by €7.5 million and reached €21.8 million. €5 million of this increase was due to the renegotiation of the public procurement contract for Paris newspaper stands. Fees for parking on and occupancy of the public highway (including the fees for the Christmas market and the Big Wheel) reached €5.4 million and were stable compared with 2015. Furthermore, €4.2 million of fees paid by the markets were received in 2016 compared with €4.9 million in 2015. This increase can be explained by the direct take over, as from 2016, of the responsibility for fees for cleaning by the market operators (prior to this, they reimbursed the authority via the market fees).

INVESTMENT SECTION

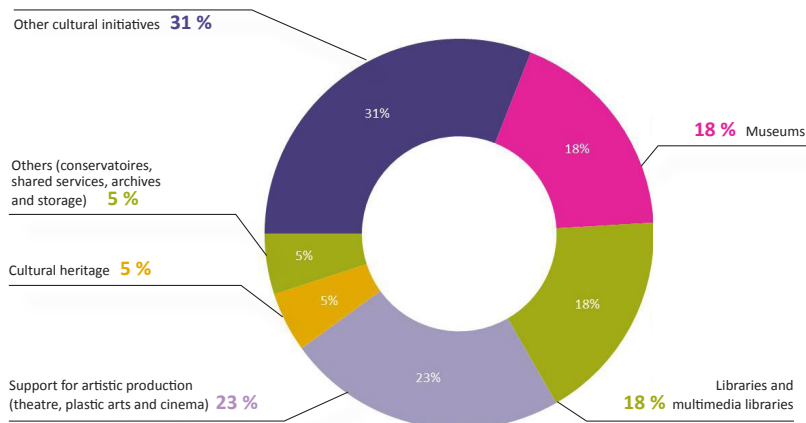


INVESTMENT FOR ECONOMIC DEVELOPMENT REACHED €33.1 MILLION.

Acquisition of, and work on the “Frigos” workshop, in the Masséna area, required €12.1 million. Overseen by the Mixed Economy Company for the East of Paris (SEMAEST), the renovation of the workshops in the Cour de l’Industrie in the 11th arrondissement and the Vital Quartier operation accounted for €4 million and €1.1 million respectively. The competitiveness and innovative business poles received a subsidy of €9.5 million. €2.1 million were also invested for retail diversity, development support for businesses and markets .

INVESTMENT REVENUE REACHED €1.1 MILLION, WHICH CORRESPONDS TO A REIMBURSEMENT OF AN ADVANCE PAID TO SEMAEST WITHIN THE FRAMEWORK OF THE CONTRAT PARIS COMMERCE. The significant gap compared with the 2015 AA, which reached €15.1 million, is linked to the extraordinary receipt of €14.8 million in 2015 within the context of the cancellation of property agreements concluded in 1980 with SAGI and RIVP.

CONSOLIDATED CULTURE BUDGET - 2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operational budget expenditure	310.8	312.3	313.4
of which payroll	121.7	123.5	124.7
Investment expenditure	60.5	62.4	62.4
Operational revenue	11.1	11.9	12.9
Investment revenue	9.5	12.1	2.4

OPERATIONAL SECTION

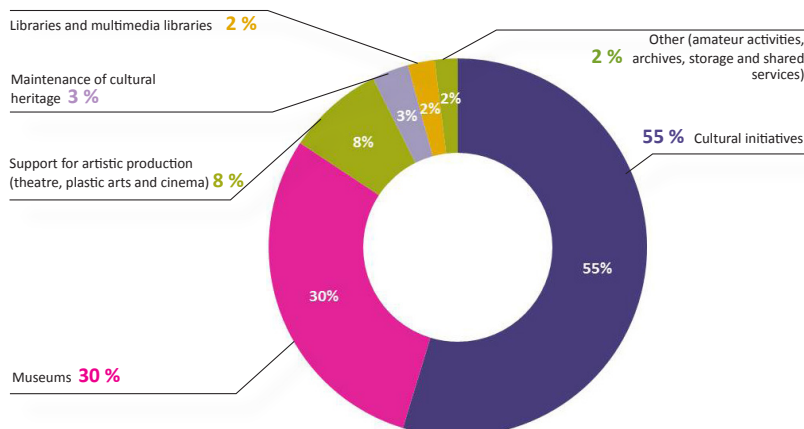
EXPENDITURE

IN 2016, THE OPERATIONAL BUDGET ALLOCATED TO CULTURE REACHED €313.4 MILLION, OF WHICH €124.7 MILLION WAS SPENT ON PAYROLL.

Personnel expenditure in the area of culture grew by €1.2 million due to hiring linked to the opening of new libraries, Sunday opening of libraries, to the increase in costs of the new conservatoires and to the music awareness scheme.

Excluding payroll, operational expenditure linked to culture reached €188.7 million and was almost the same as in the 2015 AA.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



The various **cultural initiatives** accounted for €103.2 million in the 2016 AA, an increase of 2% compared with the 2015 CA. €100.6 million of this was spent on subsidies for cultural establishments (excluding the subsidy for the Paris Musées public establishment). This amount increased by €2.6 million compared with the 2015 AA, a change which was mainly linked to the financing of security measures for cultural facilities implemented following the terrorist attacks (€2 million spent in total in 2016 ⁽¹⁾).

With €55.8 million, **museums** represented the second most important budget line for cultural expenditure, a reduction of 3% compared with 2015. This reduction was due in part to the reduction in the subsidy for the Paris Musées public establishment. The latter went down from €56.1 million in 2015 to €54.8 million in 2016 because the establishment has seen its self-financing increase under the effect of the increase in revenue from exhibition ticket sales in particular. The development of self-financing for Paris Musées meant that the City was able to reduce its contribution at the same time as ensuring the continued quality of service. The reduction in the compensation for public service costs paid to the Parisian local public company for photography (€0.9 million in 2016 compared with €1.6 million in 2015), linked to the end of the specific financing of the collections project, is also explained by the reduction observed on this expenditure line.

Support for artistic creativity amounted to €15.7 million, an increase of €0.4 million compared with 2015. It included an envelope of €8 million dedicated to subsidies paid to cinemas and concert halls, as well as operational expenditure for theatres for a total of €7.3 million (+4.3% compared with 2015). This change was mainly due to the technical transfer of the financial contribution to the Public service contractor Carreau du Temple, which was attached to the Department of Culture's budget in 2016, for an amount of €1.3 million. At the same time, the contribution of the City to the Public service contractor La Gaîté Lyrique fell (€5.2 million in 2016 compared with €5.8 million in 2015) concomitantly with a change of contractor.

€5.9 million of expenditure went on **cultural heritage maintenance in 2016**. The fall by **€0.25 million compared with 2015** was due to the transfer to the investment budget of part of the day-to-day maintenance expenditure for churches.

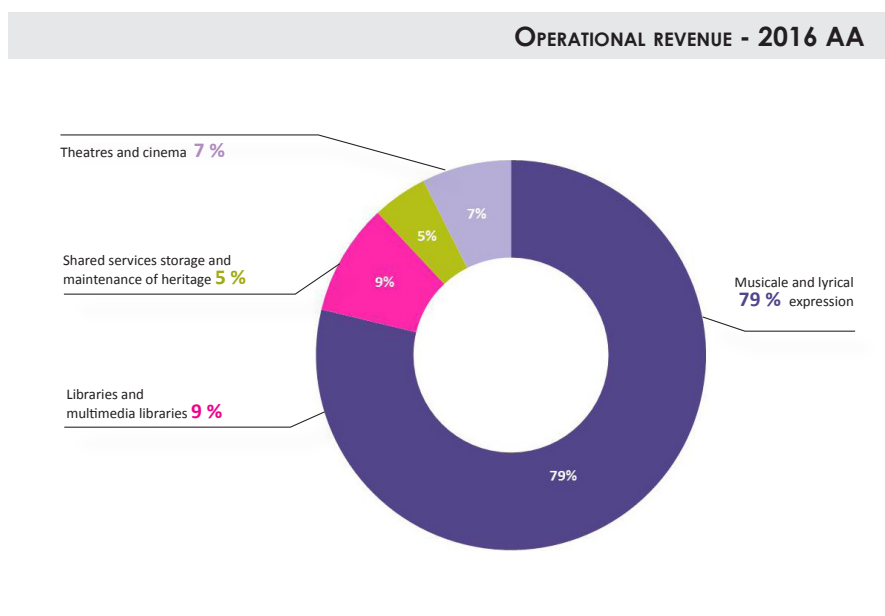
Expenditure allocated to operating costs of **libraries and multimedia libraries**, which stood at €4.3 million in 2016, fell by 2% compared with 2015, mainly due to the non-renewal of an extraordinary expenditure on supplies of small scale equipment committed in 2015 for €0.3 million within the framework of the execution of the works on the Forney library.

⁽¹⁾ Cf. the special section "Peaceful coexistence and increased security in the Paris area" in part I of this report, regarding the general presentation of the balance of the administrative accounts in 2016.

€3.6 million were spent on **other cultural costs** (€3.9 million in 2015). This package included services shared by the Department of Culture at a cost of €0.6 million. Furthermore, €1.8 million was spent on the development of amateur musical and artistic activities (+€0.2 million) and €0.9 million on cultural and historical exhibitions held for free at the City Hall. The increase of €0.2 million on this latter item is linked to the extension of the Coluche exhibition.

Revenue

OPERATIONAL REVENUE LINKED TO CULTURE REACHED €12.9 MILLION IN THE 2016 AA, AN INCREASE OF 10% COMPARED WITH 2015. THIS CHANGE WAS MAINLY DUE TO AN INCREASE IN REVENUE RECOVERED VIA ENROLMENT FEES AT CONSERVATOIRES.

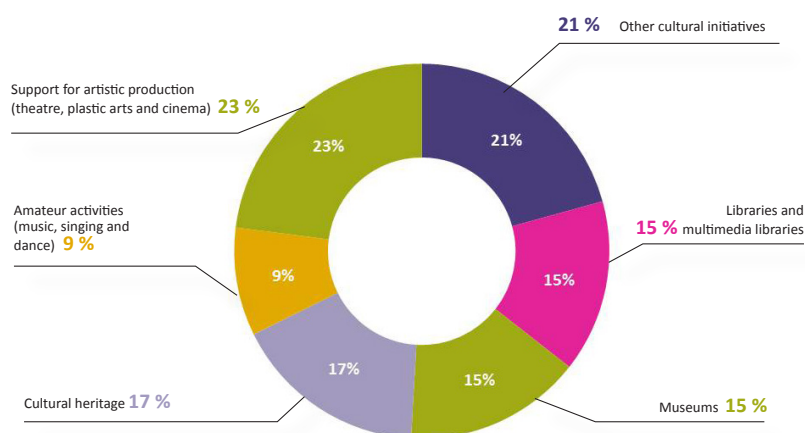


Operational revenue linked to the **artistic expression sector (musical and choreographic expression, plastic arts, theatres and cinemas)** reached €11.3 million in 2016, an increase of 21% compared with the 2015 AA. Fees and duties for cultural services, which include rental of musical instruments and enrolment fees at conservatoires and the Beaux-Arts workshops, accounted for a major portion (€9.7 million in the 2016 AA compared with €8.3 million in the 2015 AA). This increase was due to the impact of the 2015 fees reform over a whole year which created new brackets for the dependents allowance set against tax (9 and 10) to ensure a fair contribution from those earning the highest incomes.

Income linked to **library and multimedia library** activities stood at €1.2 million in 2016, an amount which was €0.2 million lower than that of 2015.

INVESTMENT SECTION

INVESTMENT EXPENDITURE - 2016 AA



IN 2016, INVESTMENT EXPENDITURE LINKED TO CULTURE REACHED 62,4 M€.

The main expenditure was on cultural creation and distribution (€26.3 million) including the facility subsidy paid to the Philharmonie de Paris and the acquisition of the premises of the short films agency. Several works are also currently underway, including the Théâtre Marigny and the Théâtre 13. 2016 finally marked the end of the preliminary studies on renovation works for the Théâtre de la Ville and the Théâtre du Châtelet.

The City dedicated €9.2 million to museums, with the renovation of the Musée Carnavalet as the main project. The total amount spent on libraries and multimedia libraries was €8.5 million, including expenditure for the opening of the Jean de la Fontaine library in La Canopée.

The "Places of Worship" programme accounted for expenditure of €8.4 million in 2016 with, other than day-to-day maintenance works, the restorations of the Saint-Germain des Prés (6th arrondissement), Saint-Augustin (8th arrondissement) and Saint-Médard (5th arrondissement) churches.

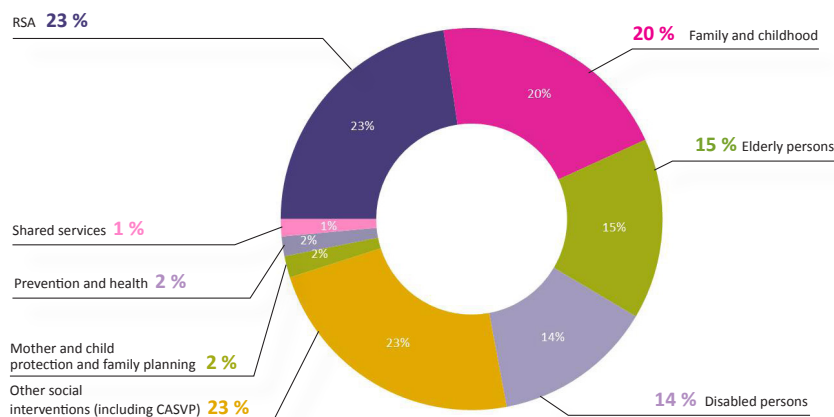
Revenue

IN 2016, INVESTMENT REVENUE LINKED TO CULTURE REACHED €2.4 MILLION, OF WHICH €1.2 MILLION CAME FROM SUBSIDIES RECEIVED FOR EQUIPMENT FOR NEW LIBRARIES AND MULTIMEDIA LIBRARIES AND €1.1 MILLION OF REVENUE FROM SUBSIDIES AND PATRONAGE IN THE FRAMEWORK OF THE "PLACES OF WORSHIP" PROGRAMME».

THE DECREASE OF €9.8 MILLION OF REVENUE COMPARED WITH 2015 WAS DUE TO THE RECEIPT, IN 2015, OF €6.4 MILLION OF REVENUE FOR THE GAITÉ LYRIQUE AND €3.1 MILLION FOR THE LOUXOR.

5/ WELFARE AND SOLIDARITY

CONSOLIDATED BUDGET FOR WELFARE AND SOLIDARITY - 2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operational budget expenditure	1,796.1	1,825.2	1,824.8
of which payroll	166.0	171.8	156.6
Investment expenditure	36.3	19.0	15.3
Operational revenue	138.3	155.1	145.4
Investment revenue	7.4	5.8	2.8

OPERATIONAL SECTION

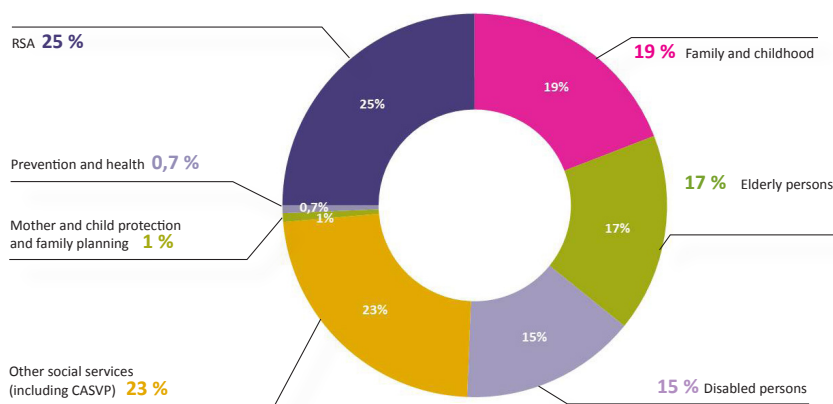
EN 2016, THE OPERATIONAL BUDGET ALLOCATED TO WELFARE AND SOLIDARITY STOOD AT €1,824.8 MILLION, OF WHICH €156.6 MILLION ON PAYROLL, EXCLUDING THE CONTRIBUTION OF THE CITY AND THE DEPARTMENT (standing at €420 million in expenditure and revenue, this contribution is neutral for the local authority. The corresponding revenue is charged to the “general services” sheet).

In the field of social services, payroll recorded a reduction of €15 million due to the modification of the scope in terms of the Nouveau Paris Solidaire (new solidary Paris) reform ⁽¹⁾. This project has a four-fold aim: to simplify the organisation and leadership of social services, to improve the clarity of social action, to facilitate access to rights and to better respond to social needs, in particular those linked to the new forms of precariousness. At the end of two successive waves, 490 jobs were transferred from the multi-purpose departmental social services to the City of Paris Social Services Centre (CASVP). The latter was therefore strengthened in its position of general local social services provider in charge of providing general social assistance for users experiencing difficulties and managing optional municipal grants as well as a major part of legal departmental grants.

In 2016, expenditure on welfare and solidarity excluding payroll reached €1,699.2 million, an increase of €16.2 million.

⁽¹⁾ Cf. the special section “Peaceful coexistence and increased security in the Paris area” in part I of this report, regarding the general presentation of the balance of the administrative accounts in 2016.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



The main budget item, **expenditure linked to the income support scheme (RSA)** reached **€416.4 million**, of which €361.5 million was paid in the form of benefits, which is an overall increase of €5.6 million compared with 2015. This increase was €3 million lower than the amount forecast in the 2016 preliminary budget, due to the reduction in the number of beneficiaries, of which the average went down from 66,700 in 2015 to around 65,000 in 2016 (-2.6%). This limited the impact of the annual increase of the benefit by 2%, applied in September 2015 then in September 2016 within the framework of the government plan for the fight against poverty

Social assistance for children was the second biggest expenditure item, with €318.8 million, compared with €327.3 million in 2015, **which is a decrease of 2.6%**. Housing costs reached €199.2 million, compared with €215.3 million in 2015, which is a decrease of 7.5%. This change reflects the continuing reduction in the number of young people in care following the relocation of unaccompanied foreign minors (MIE) across the whole of France as a result of the promulgation of the law regarding the protection of children in March 2016.

€20.1 million was also paid as **assistance for hotel accommodation**. These grants increased by €3.4 million compared with 2015 due to the change in the invoicing method of the Paris emergency humanitarian service (SAMU Social). In the past, the Department covered the net costs, while families directly paid their accommodation costs to the hotel owner. Since February 2015, the SAMU Social has taken over the payments the families used to advance and invoices the Department for the total cost of the hotel stays, a change which has entailed a mechanical increase in expenditure and revenue.

Expenditure for **temporary staff** in the child welfare services sector grew by €3.4 million due to the increasing number of young people placed in hotels owing to behavioural problems.

Contributions to clubs for specialised prevention reached **€27.2 million, an increase of €1.9 million**, for the most part due to budgetary transfers to this item, of which +€0.5 million for the purpose of Parisian digital spaces (EPN) and +€0.6 million for financing actions in social services centres. In addition to the effect of these transfers, this change is linked to the revaluation of the grant to associations, including the 1% increase of the ceiling for general activities from the family allowance fund (CAF) for social services centres and the increase in fees for specialised prevention clubs according to the contracting for the 2016-2018 period.

Expenditure regarding "other social activities" by the City of Paris reached **€346.3 million**. This expenditure chiefly included the contribution to the **City of Paris Social Services Centre (CASVP)**, which reached €344 million in the 2016 AA, an increase of €31.8 million compared with the 2015 AA. This increase was mainly due to the transfer of 490 FTEs from the Department of Social Services, Children and Health (DASES) to the CASVP, within the framework

of the Nouveau Paris Solidaire reform. This transfer required a first wave of budgetary transfers which increased the contribution to the CASVP by €39 million. If one excludes the effect of the NPS reform, the contribution to the CASVP would show a reduction of €7.6 million, which is explained mainly by the effect of the deployment over a full year of the reform on conditions for obtaining the “Navigo Émeraude Améthyste” travel pass. €0.25 million was also spent on the opening of a new solidarity restaurant in the 10th arrondissement within the framework of the implementation of the programme for combatting severe social exclusion.

Other social activities of the Department of Paris accounted for €35.7 million, an increase of €6.7 million mainly due to the continuation of the deployment of the programme for combating severe social exclusion implemented from the 2015 provisional budget, and which amounted to €3.2 million. Expenditure on social policy reached €32.2 million, compared with €27.9 million in 2015. This increase of €4.3 million is explained mainly by the growth in the contribution to the Housing Solidarity Fund (FSL) which stood at €23.4 million, which is €3.5 million more than in 2015, due to the increase in the costs of the “Rent Assistance” initiative. The contribution to the Youth assistance fund reached €0.9 million, which is an increase of €0.1 million compared with 2015. Other subsidies and contributions to social inclusion accounted for €5.9 million, an increase of €0.3 million.

Expenditure for **social welfare for elderly people and the personalised autonomy benefit (APA)** amounted to €278.7 million, a reduction of €15.9 million compared with 2015. The APA decreased by €11.8 million compared with 2015 to stand at €128.4 million, due to the following changes :

- reduction in APA expenditure in institutions: €49 million in 2016 compared with €60.5 million in 2015, due to the takeover of institutional APA administration by the Department of Paris. There was a transfer of liquid assets with the national pension fund (CNAV), which was responsible for paying the benefits up to 2016, and which reduced our own expenditure;
- reduction of €0.1 million of home-based APA expenditure: Expenditure on social policy reached €77.7 million, compared with €77.8 million in 2015. The number of beneficiaries stood at 15,971 at the end of 2016 and was stable overall between 2015 and 2016. The main reason for this change in expenditure was the continuation in 2016 of the reduction, which has been constant for several years, of the average cost of assistance programmes.

The amount spent on **assistance for housing elderly persons** reached €144.3 million, compared with €147.8 million in 2015. Expenditure on fees for staying in institutions was notably down by €4 million, which is consistent with the change in the number of beneficiaries, which has been continuously decreasing since 2008 (5,983 beneficiaries at the end of 2008 compared with 4,981 at the end of 2016). At the same time, the contribution to associations has increased by €0.5 million, due to the implementation of the law on societal adaptation to ageing.

Social assistance to disabled persons reached €246.9 million, an increase of €16.2 million. **Housing costs** represented the main budget item, and amounted to €162.4 million, an increase of €8.7 million compared with 2015, mainly due to the opening of new structures and the revaluation of the day rates of existing structures.

Benefits paid as part of the disability compensation allowance (PCH) and the compensation allowance for third parties (ACTP) stood at €58.3 million and €20.4 million respectively, which is a total of €78.7 million. They increased by €7.2 million compared with 2015, due to the increase by 4.6% of the number of PCH beneficiaries which stood at 4,238 at the end of 2016.

Expenditure linked to services shared with the Department reached €2.2 million, a strong reduction due to the transfer to the CASVP of €19.8 million of staff costs for the Departmental multi-disciplinary social services (SSDP) within the framework of the Nouveau Paris Solidaire reform.

Mother and child protection (PMI) and family planning accounted for expenditure of €12.3 million, a reduction of €0.3 million compared with 2015. This decrease was the result of the rationalisation of the regional network of delegated PMI centres, particularly including the closure of the Oudinot centre.

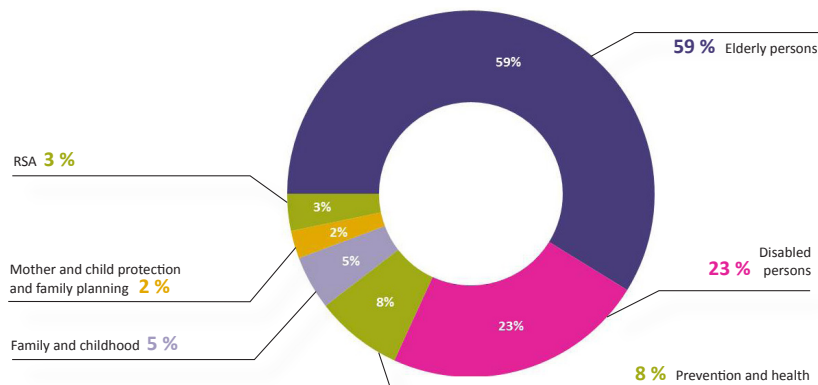
Lastly, expenditure on **health prevention and education** stood at €10.9 million, a reduction of €1.3 million compared with 2015, due to the reform of the financing on STI prevention which allows for the financing of association-run public centres directly through health insurance. This expenditure covers credits allocated to disease prevention (€5.9 million), preventive health actions (€1.6 million), combatting drug addiction (€1.1 million) and health centres (€1.3 million). Furthermore, €0.3 million was spent on the “Paris Saves” programme within the framework of the post-terrorist attack measures, including the organisation of the initiative “Saturday Saves” on 26 March 2016, which led to 4,000 Parisians being trained in first aid.

ASSISTANCE PROGRAMME FOR REFUGEES AND IMMIGRANTS

2016 was marked by the deployment of an assistance programme for refugees and immigrants who had taken refuge in the capital city. A financial envelope of €14 million was mobilised and 9 positions were created to reinforce the teams of the departments involved in the reception of refugees (DASES, DFPE, UASA in the DPSP). The City thus financed the construction of a primary reception centre at Porte de la Chapelle, by mobilising €6.7 million, with State co-financing. Managed by the Emmaus Association, the centre has been open since 10 November 2016. Emmaus benefitted from an operating subsidy worth €1.63 million, of which €0.4 million for the end of 2016 and €1.23 million in the form of an advance of 80% for 2017. The City also financed the construction of an accommodation centre in Ivry for an amount of €6.45 million, in connection with a co-financing project with State. €1 million was also dedicated to supporting field-based associations to receive, integrate and facilitate the access to rights of refugees and immigrants who have no fixed abode. The "Rent Assistance" instrument was also made available to immigrants.

REVENUE LINKED TO SOCIAL ACTION AND HEALTH REACHED €145.4 MILLION. IT DECLINED BY €9.8 MILLION COMPARED WITH 2015.

OPERATIONAL REVENUE - 2016 AA



The bulk of the revenue was linked to **social welfare for elderly persons**. This amounted to €85.2 million in 2016, which is a reduction of €1.8 million compared with 2015 (€87 million). This reduction was due to the decrease of €10.7 million in revenue collected from the beneficiaries of social assistance (€61.1 million in 2016 compared with €71.8 million in 2015) linked to the reduction in the number of beneficiaries over the last few years and due to delays in payments made. It was compensated by the €9.9 million growth in the contribution from the National Fund for Solidarity for Autonomy (CNSA), through the implementation of the law regarding societal adaptation to ageing.

Revenue derived from the disabled persons policy reached €33.4 million, an increase of €2.8 million compared with 2015 (€30.6 million). It included €13.8 million of grants paid by the National Fund for Solidarity for Autonomy (CNSA): €11.9 million was paid for the PCH, and €1.8 million was paid for the Department Office for Disabled Persons (MDPH). Income from beneficiaries grew by €2.9 million to reach €17.3 million.

In the field of the **RSA**, €4.7 million of revenue was received, compared with €12.6 million in the 2015 AA. This decrease was due to a staggering over two years of the revenue paid by the European Social Fund (€4.9 million) linked to the new programming period 2015-2020 for assisting Parisian recipients of the RSA for the purpose of

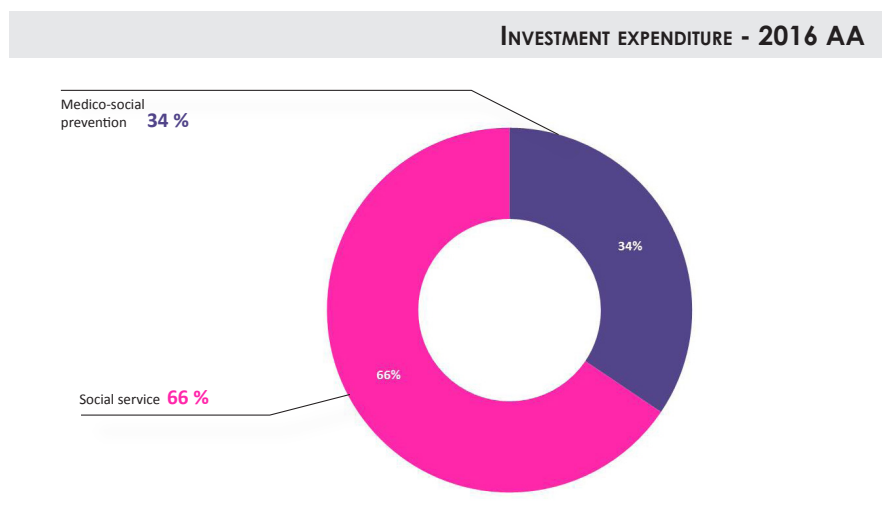
their socio-professional integration. Furthermore, the recovery of undue RSA sums fell by €3.4 million. This drop was due to the implementation of automatic securitisation in 2015, which allowed the authority to close a certain number of files.

Revenue linked to **actions to support families and children** reached €6.9 million, an increase of €0.6 million compared with 2015. This increase is mainly linked to the reform of the invoicing method of the SAMU Social emergency services in terms of hotel costs in connection with child welfare benefits (ASE).

Revenue related to mother and child protection (PMI) and to family planning was derived from contributions from the Social Security system and mutual insurance organisations. These amounted to €3.6 million in 2016, which is an increase of €0.5 million compared with 2015.

In the framework of **preventive health and education**, the Department received €11.1 million of revenue, an increase of €0.7 million compared with 2015. Revenue linked to the fight against the spread of sexually transmitted infections (STI) increased by €0.8 million compared with 2015 to reach €5.7 million, thanks mainly to down payments received from the Primary Fund for Health Insurance (CPAM). Overall, €6.6 million of revenue was received for disease prevention actions and €4.6 million came from users of health centres, an increase of €0.3 million which is a result of the extension of the opening times of the centres.

INVESTMENT SECTION

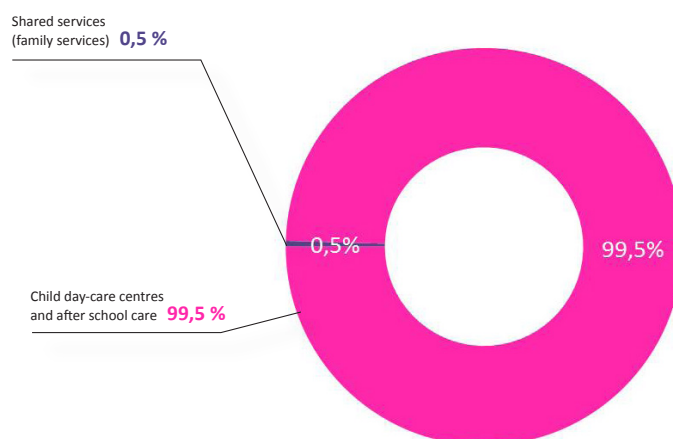


INVESTMENT EXPENDITURE IN THE SOCIAL SECTOR REACHED €15.3 MILLION, OF WHICH €10 MILLION WAS FOR SOCIAL ACTION AND €5.3 MILLION FOR MEDICO-SOCIAL PREVENTION.

€8.3 million in subsidies were paid in 2016, of which €1.9 million for assistance for financing extra places in care centres for disabled persons within the framework of the strategic disability programme, which meant that projects such as the development of a residence on Rue Paul Meurice (20th arrondissement), the disability care homes in Sainte-Geneviève (14th arrondissement), Romain Jacob (15th arrondissement), Simone Veil (15th arrondissement) and Rue des Ecluses (10th arrondissement) received subsidies.

INVESTMENT REVENUE REACHED €2.8 MILLION IN 2016. THE REDUCTION BY €3 MILLION COMPARED WITH THE 2015 AA CAN BE EXPLAINED BY THE RECEIPT, IN 2015, OF THE REIMBURSEMENT OF THE ADVANCE WHICH WAS PAID TO THE SAMU SOCIAL FOR TAKING ON HOTEL COSTS FOR CHILD WELFARE SERVICES.

CONSOLIDATED BUDGET ON FAMILY POLICIES - 2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operational budget expenditure	391.7	402.6	413.3
<i>of which payroll</i>	310.1	319.6	326.9
Investment expenditure	54.9	53.4	50.9
Operational revenue	203.2	247.7	232.7
Investment revenue	4.8	11.4	1.7

OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO FAMILY POLICIES REACHED €413.3 MILLION, OF WHICH €326.9 MILLION WAS SPENT ON PAYROLL.

The increase in payroll expenditure on the family budget item is due to the implementation of the priority placed by the authority on early childhood initiatives, with the creation of 174 positions, of which 120 were to reinforce the Parisian child day care centres and 41 were for new establishment launches, and setting up seasonal reinforcement to ensure the continuity of the childcare under optimum conditions during the winter.

Operational Expenditure for family policies, excluding payroll, reached €86.4 million, an increase of €3.4 million compared with the 2015 AA.

Expenditure **on child day-care and nurseries** accounted for €82.2 million in 2016 (which was up €2.6 million compared with 2015). This increase reflects the implementation of the "5000 Places" programme with the financing over a whole year of 477 places created in 2015 on the one hand, and the establishment of 629 new places in 2016 (all

administrative modes combined), including :

- in the 10th arrondissement, the creation of 66 places at Rue Bichat;
- in the 15th arrondissement, the creation of 65 places at Rue André Theuriet, and 20 places within the framework of the operation to develop Lourmel-Eglise;
- in the 16th arrondissement, the creation of 66 places at Boulevard Suchet
- in the 20th arrondissement, the creation of 64 places at Rue de Ménilmontant and 35 places at Boulevard de Charonne.

Expenditure on **family services** reached €2.2 million, an increase of €0.9 million compared with the 2015 AA. This increase is due to the technical transfer of €0.5 million for the management of early childhood day-care centres, and an increase of €0.2 million for the financing of new projects stemming from the guidelines of the “child and family” strategy.

Operational revenue regarding family policies uniquely concerns child day-care centres. In 2016, it accounted for €232.7 million, which is a reduction of €15 million compared with 2015. **Within this figure, contributions paid by the Family Allowance Fund (CAF)** amounted to €145 million, compared with €161 million in 2015. This purely technical reduction arose from a change in the schedule of payment for down payments and outstanding contributions from the CAF for the purpose of the Single Service Contract (PSU). .

Family contributions accounted for €85.3 million, which was stable compared with 2015. This stability in family contributions revenue is due to the full-year effect of the transfer of three “Article 30” management structures (child-care centres belonging to the city but whose operation is managed by a contractor) to a management method using a public service delegation contract (the revenue from services provided is in this case received by the contractor).

INVESTMENT SECTION

IN 2016, THE CITY INVESTED €50.9 MILLION ON EARLY CHILDHOOD POLICIES.

€7.9 million in subsidies for equipment were paid to non-profit child care centres (including €2.3 million on the Œuvre de la Croix Saint-Simon, €0.9 million on the Departmental Union of Family Associations and €0.7 M€ on the Red Cross). Furthermore, €28.4 million was spent on works in child care centres, including the launch of 4 new centres:

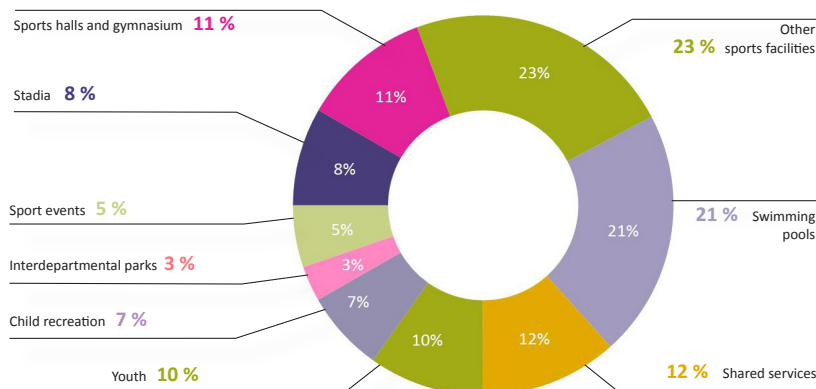
- the collective childcare centre at Auteuil station (16th arrondissement) for €3.4 million,
- the childcare centre on Rue Stendhal (20th arrondissement) for €3.2 million,
- the childcare centre on Boulevard Jourdan (14th arrondissement) for €2.2 million,
- the childcare centre on Boulevard Péreire (17th arrondissement) for €2.1 million.

Lastly, maintenance and equipment for **childcare centres** accounted for €14.6 million, of which €8.2 million were on local level budgets.

INVESTMENT REVENUE FOR EARLY CHILDHOOD POLICY REACHED €1.7 MILLION IN 2016, AND WAS MOSTLY MADE UP OF SUBSIDIES PAID BY THE FAMILY ALLOWANCE FUND (CAF). THE REDUCTION IN REVENUE COMPARED WITH 2015 IS EXPLAINED BY THE DELIVERY OF CERTAIN CHILDCARE CENTRES AT THE END OF THE 2016 FINANCIAL YEAR, FOR WHICH SUBSIDIES WILL BE RECEIVED IN FINANCIAL YEAR 2017.

7/ SPORT AND YOUTH

CONSOLIDATED BUDGET FOR SPORT AND YOUTH -2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operating expenditure	201.8	214.3	214.8
of which payroll	119.7	122.1	123.4
Investment expenditure	70.3	59.3	74.2
Operational revenue	89.7	96.0	100.6
Investment revenue	4.2	1.2	3.7

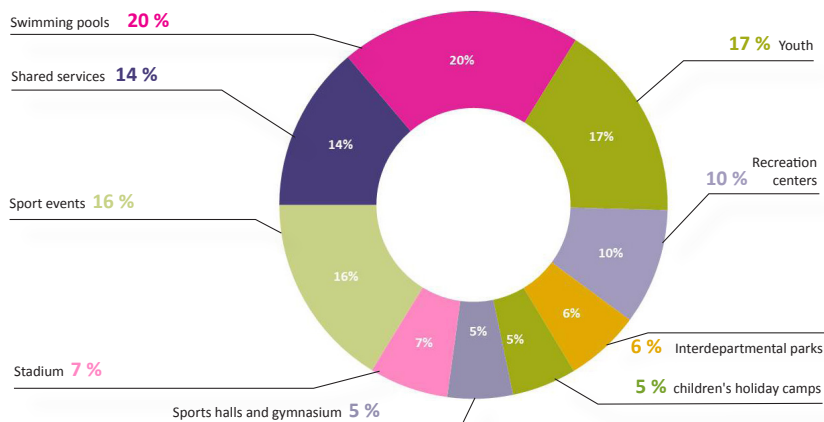
OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO SPORT AND YOUTH REACHED €214.8 MILLION, OF WHICH €123.4 MILLION WAS SPENT ON PAYROLL.

On this budget item, the priority in terms of personnel was given to the launch of the Géo André and Suchet new gymnasiums (16th arrondissement), the Bréguet Sabin sports centre (11th arrondissement) and on the outdoor pool at Butte-aux-Cailles (13th arrondissement).

In 2016, the operational budget allotted to sport and youth excluding payroll reached €91.4 million a reduction of €0.8 million compared with 2015.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



Swimming pool activities accounted for €18.3 million, which is close to 20% of the entire expenditure, an increase of €0.8 million compared with 2015. Costs arising from contracts for the management of outdoor pools amounted to €14.2 million, an increase of €0.3 million compared with 2015. This increase is due to the renewal of the public service delegation contract (DSP) for the Pailleron centre on 1 January 2016.

Activities in the youth sector accounted for €15.1 million. The €0.3 million decrease compared with 2015 on this budget item was due to a technical transfer of two innovative youth centres to the arrondissement operational budgets of the 13th and 18th arrondissements. Within this group, expenditure on youth activities reached €6.6 million. It was mainly linked to management contracts for youth facilities (Les Halles youth centre, Paris Jeunes centre, which brought together the former Antennes Jeunes and Espaces Jeunes) amounting to €2.5 million. It also covered subsidies paid for youth policy which amounted to €2.6 million, mainly to support initiatives to counter school drop-out rates and to prevent delinquency. Furthermore, expenditure on sports activities reached €7.4 million, of which €3.9 million was spent on Ateliers Bleus Sportifs children's workshops and €1.2 million on transport costs.

Shared services accounted for €12.6 million in 2016, which is a decrease of €5 million compared with 2015. This movement is mainly explained by the decrease in general costs which decreased by €4.5 million compared with 2015, and now stands at €2.7 million. This decrease is linked to the technical transfer to create the Major International Sports Events section.

Expenditure linked to **Major International Sports Events** reached €14.8 million, of which €13.1 million was spent on the organisation of Euro 2016 and €1.3 million on support for the 2024 Olympic Games. In addition to this, there was miscellaneous expenditure on the Handball World Championships.

Expenditure on **sports facilities, excluding swimming pools**, amounted to €11.4 million as in 2015, including €6 million for the maintenance and management of sports centres and gymnasiums, and €5.4 million for the management of municipal stadia.

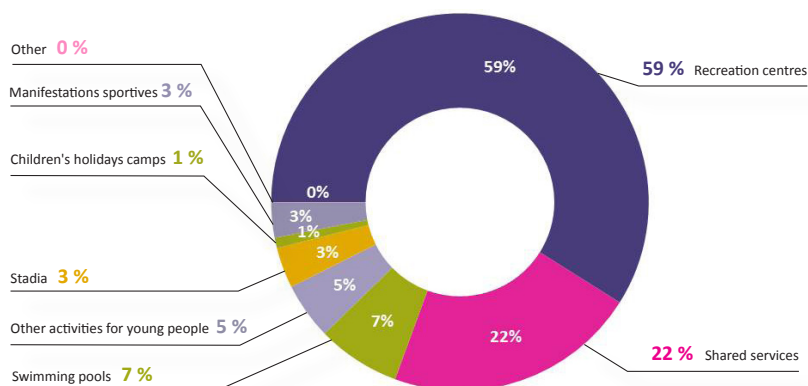
The budget allocated to the **operation of recreation centres** accounted for €8.8 million, an increase of €0.1 million compared with 2015. This expenditure was mainly broken down as follows: €2.6 million on transport, €2.2 million on supplies, €1.2 million on entry fees for children's activities and €0.7 million on accommodation costs.

€5.7 million was spent on the management of **interdepartmental parks**, within the framework of agreements with partner departments.

Furthermore, €4.9 million financed the organisation of **children's holiday camps**, of which €2.8 million was spent on contracts for activities and accommodation, €1.5 million on subsidies paid to the municipal education offices to finance holiday accommodation, and €0.6 million on additional expenditure.

REVENUE LINKED TO SPORT AND YOUTH REACHED €100.6 MILLION, WHICH WAS €4.5 MILLION MORE THAN IN 2015.

OPERATIONAL REVENUE - 2016 AA



In 2016, **recreation centre activity** generated €59.3 million in revenue, which is an increase of €3.3 million. This increase is due to the increased contribution from families, mainly linked to the creation of level 9 and 10 fee brackets, which were intended to ensure fair contribution from the highest-earning families, and to a lesser degree, to ensure mandatory pre-enrolment in recreation centres which came into effect in 2016.

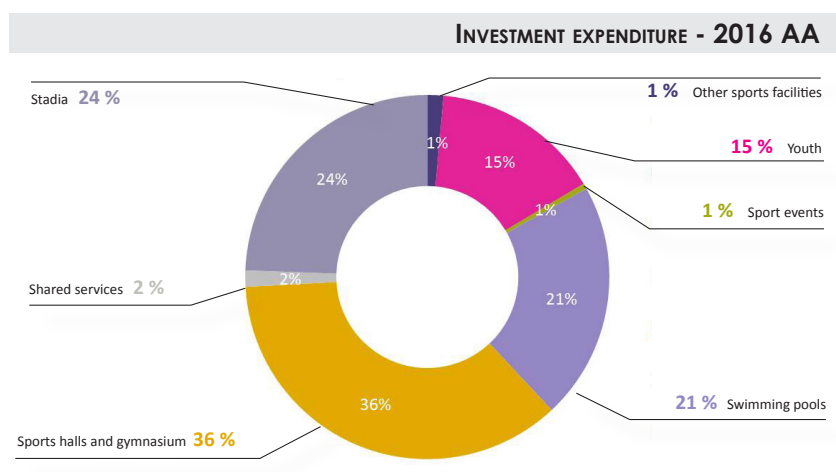
Revenue related to **shared services** reached €22 million.

Furthermore, €7.2 million of revenue linked to **swimming pools** was received in 2016, of which €6.6 million of entrance fees and €0.6 million in reimbursement in connection with the SemParisSeine initiative, following an overpayment for the Berlioux swimming pool.

Revenue stemming from **stadia** activities accounted for €3.5 million of which €1.2 million for tennis revenue and €2.3 million for fees received.

Lastly, revenue from **other activities** on youth policy reached €5.8 million, which is a reduction of €0.7 million, mainly due to the reduction in revenue from ice-skating rinks (-€0.4 million).

INVESTMENT SECTION



INVESTMENT FOR YOUTH AND SPORT AMOUNTED TO €74.2 MILLION IN 2016.

Gymnasia and sports halls accounted for the main investment, amounting to €26.8 million and including €3.6 million for the îlot Breguet sports hall, as well as €3.1 million spent on the Delessert gymnasium (10th arrondissement) and €2.5 million on the Baron le Roy gymnasium (12th arrondissement).

Stadia received €18.1 million, including €4.8 million for the extension of the Roland Garros stadium, €1.7 million for the Parc des Princes stadium and €1.3 million for the Jean Bouin stadium.

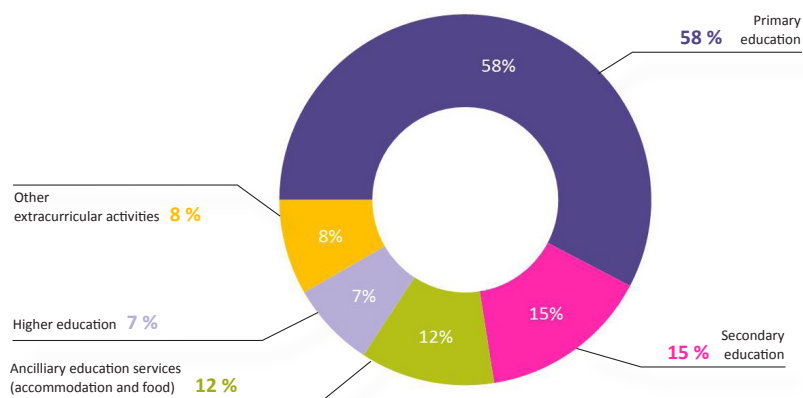
Swimming pools received €15.7 million in investment credits, of which €6.7 million for the Amiraux swimming pool (18th arrondissement), €1.4 million for the Elisabeth swimming pool (14th arrondissement) and €1.1 million for the Davout swimming pool (20th arrondissement).

A total of €11.1 million was spent on **recreation centres**, including €5.4 million on the Daviel centre (13th arrondissement), and €2 million for the relocation of the Boulevard de la Chapelle recreation centre (18th arrondissement).

INVESTMENT REVENUE AMOUNTED TO €3.7 MILLION, A STRONG INCREASE OF €2.5 MILLION COMPARED WITH 2015 (€1.2 MILLION). THIS GROWTH WAS MAINLY DUE TO THE INCREASE IN SUBSIDIES RECEIVED, INCLUDING €0.97 MILLION FOR THE AMIRAUX SWIMMING POOL (18TH ARRONDISSEMENT), WHICH WERE PAID BY THE REGION AND THE REGIONAL PREFECTURE FOR THE PROTECTION OF HERITAGE, AS THE ART-NOUVEAU STYLE FACILITY IS A LISTED NATIONAL MONUMENT.

8/ EDUCATION AND TRAINING

BUDGET ALLOCATED TO EDUCATION AND TRAINING - 2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operating expenditure	679.0	699.3*	697.3
of which payroll	459.2	473.3	476.8
Investment expenditure	176.2	121.4	130.7
Operational revenue	22.0	20.5	20.9
Investment revenue	19.4	29.4	7.9

(*) The strong increase observed between the 2014 AA and the 2015 AA was mainly due to a scope effect, with the transfer of expenditure for ARE and CEJ allowances from the "sport and youth" item to the "education and training" item ».

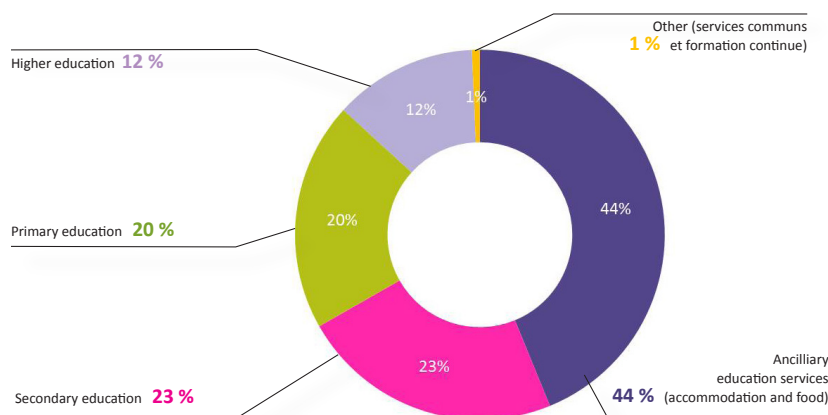
OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO EDUCATION AND TRAINING AMOUNTED TO €697.3 MILLION, OF WHICH €476.8 MILLION WAS SPENT ON PAYROLL (68.4%), AN INCREASE OF 0.7% COMPARED WITH THE 2015 AA.

The reduction in expenditure on temporary posts in this sector in 2016 allowed the Authority to limit growth in payroll to +0.73%. This growth is mainly linked to expansion of schools, as well as the implementation of the Youth and Children Contract: improving before and after school care (arrival of 256 child and youth workers at the start of the 2016/17 school year) and enhancing the stability of contracts for replacement youth workers.

Excluding payroll, **operational expenditure linked to education and training stood at €220.5 million which is down 2.5% compared with the 2015 AA.**

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



Ancillary educational services accounted for the main operational expenditure at €96.6 million in 2016. They include a large variety of services such as school meals, school transport and discovery classes. This expenditure decreased by 1.3% compared with the 2015 AA, because of the €1.6 million reduction in expenditure on school meals (€74.3 million in 2016). The reduction is linked partly to the implementation of the pre-enrolment scheme in recreation centres, which makes it easier to estimate the number of meals to be served. Furthermore, as this expenditure total is net of the contribution of the municipal education offices, it has fallen due to the increase in resources available to this body, following the full-year implementation of the fee brackets created to ensure fair contribution from those with the highest incomes.

Other expenditure linked to ancillary services stood at €22.2 million (a reduction of €0.3 million compared with 2015). Expenditure regarding school activities and discovery classes accounted for €20.6 million in 2016 (€20.2 million in 2015), of which €12.6 million were spent on extracurricular activities (TAP), €5.6 million on accommodation and €1.3 million on transport.

Primary education had an operational budget of €44.2 million, which is a reduction of 2%. Support for private education amounted to €28.4 million, in the form of a fee established at commune level, representing an increase of €0.7 million compared with 2015. Standard operational costs (cleaning, standard maintenance and upkeep of premises, school supplies, etc.) were limited to €13.7 million. In 2016, the Partnership and Energy Efficiency Contract (CPPE) accounted for €2.9 million.

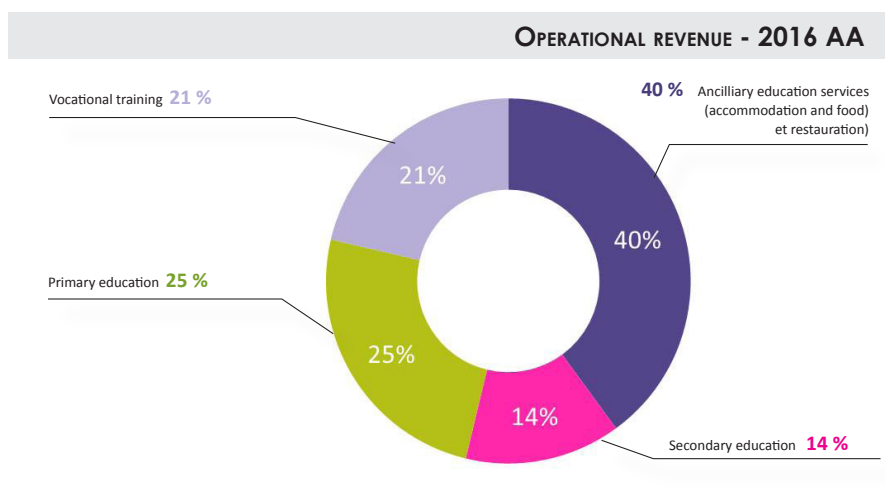
Expenditure on **secondary education** stood at €50.6 million in terms of operational budget, which was a decrease of 3.4% compared with 2015 (–€1.8 million). Within this budget €21.4 million was dedicated to operational expenditure on state middle schools, including €19 million on grants (a reduction of €1.5 million compared with 2015), €1.9 million for building maintenance and €0.5 million for reimbursement of maintenance and works contracts to the Ile-de-France Region. This budget also included €2.6 million in expenditure linked to the twelve municipal secondary schools (including €1.3 million in subsidies and €0.4 million for building maintenance), whose operating costs the City will continue to cover until the beginning of the 2020/21 school year, by virtue of the agreement protocol concluded with the Ile-de-France Region. Expenditure on school meals in middle schools accounted for €5.5 million and operating costs for the Breuil horticultural school stood at €0.5 million.

Lastly, **subsidies paid to private middle schools under contract** reached €20.6 million in 2016, an increase of €1 million compared with 2015, following the revaluation of the “material portion” of the day school flat-rate fee as well as the revaluation of the pay for technical, manual and service staff (TOS).

Operational Expenditure linked to **higher education** reached €27.6 million in 2016, a reduction of 3.9% compared with 2015 (€28.7 million). €22.4 million was allocated to research and higher education, including €13.6 million to the Higher Education Institute for Industrial Physics and Chemistry (+€0.2 million compared with 2015), €4.7 million to the City of Paris Engineering School (stable), €2.2 million to the Émergences programme (-€0.7 million compared with 2015) and €0.9 million to the Institute of Advanced Studies (stable). The subsidy for Research in Paris was €0.8 million in 2016 (€0.5 million in 2015). Support for students amounted to €2.8 million, (-€1 million compared with 2015). Lastly, €2.3 million were spent on financing art schools, (stable compared with 2015).

The budget allotted to **shared services** of the Department for Schools reached €1 million, a reduction of €0.1 million. Lastly, ordinary operational expenditure for municipal classes for adults in the form of vocational training accounted for €0.6 million (+€0.1 million).

In 2016, €20.9 million in operational revenue was received in the field of education and training, which is an increase of €0.4 million compared with 2015 (+1.9%).



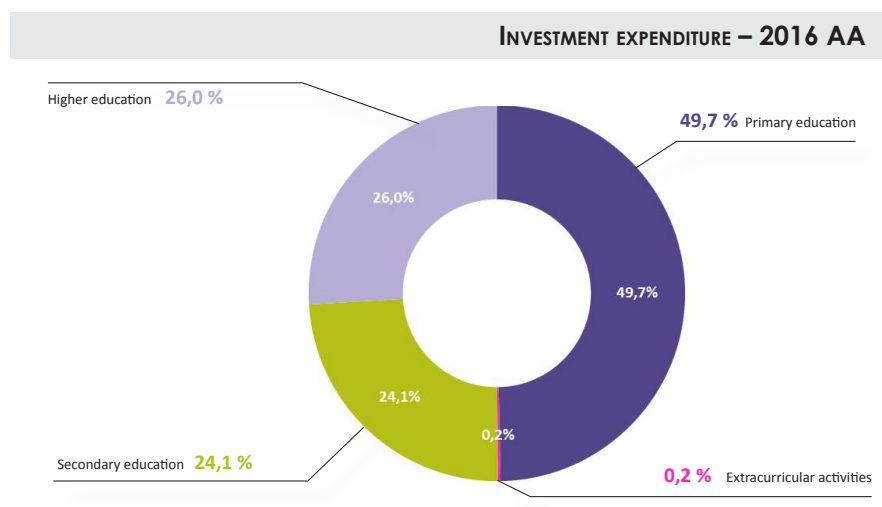
€8.3 million of operational revenue was received for **ancillary education services**, of which €6.1 million for family contributions for the TAP (extracurricular activities), discovery classes and supervised study periods (+€0.4 million compared with 2015) and €2.2 million for the State contribution to school health costs.

€5.1 million of revenue was linked to **primary education**, of which €2.8 million in revenue from rent for school head teachers' official accommodation, €1.8 million of reimbursements for costs and €0.5 million of revenue linked to the rental of school premises for various activities.

Secondary education generated 14% of revenue, at a value of €2.9 million compared with €5.1 million in 2015. This reduction is linked mainly to the reduction of family contributions for meals in middle schools which has gone down from €3 million in 2015 to €1.3 million in 2016 due to the moving back of the titration from the 1st semester 2016 to 2017.

Lastly, €4.4 million of revenue was linked to enrolment fees for **vocational training** provided within municipal classes for adults, an increase of €1.2 million compared with 2015. This increase is linked to the impact of the reform which was voted in June 2015, consisting of increasing the fees for recreational learning (foreign language classes and artistic skills in particular).

INVESTMENT SECTION



IN 2016, INVESTMENT EXPENDITURE BY THE LOCAL AUTHORITY ON EDUCATION AND TRAINING REACHED €130.7 MILLION.

Overall, **primary and secondary education** accounted for €96.4 million.

Primary education accounted for 70% of school investment, with €64.9 million invested.

Equipment and maintenance for nursery and elementary schools accounted for €25.3 million (of which €19.8 million on local-level budgets). Security works accounted for €3.2 million in 2016 and energy renovation projects €8.5 million.

€21.1 million was spent on creation and renovation of nursery and elementary schools, including :

- the comprehensive school in the Masséna-Sud area of the Paris Rive Gauche ZAC (13th arrondissement) for €3.1 million;
- the Monceau comprehensive school in the Beaubourg sector (8th arrondissement) for €3 million;
- the Rue de Torcy elementary school (18th arrondissement) for €2.7 million;
- the nursery school at 94 Rue des Couronnes (20th arrondissement) for €2.3 million.

Investment for **secondary education** stood at €31.5 million. It meant in particular that major projects could be undertaken on the entire G. Fauré combined middle/secondary school campus in the 13th arrondissement (€4 million), the Bergson campus in the 19th arrondissement (€2.1 million) and the Lucie Faure middle school in the 20th arrondissement (€2.1 million).

Investment for **independent middle schools** stood at €6.2 million.

The City of Paris also supported **higher education and research**, to the tune of €33.8 million.

Expenditure for Parisian university property reached €20.7 million, of which €17 million was allocated to the continuation of the restructuring works on the Higher Education Institute for Industrial Physics and Chemistry (EPSCI). Furthermore, €1.4 million was invested on Parisian art schools.

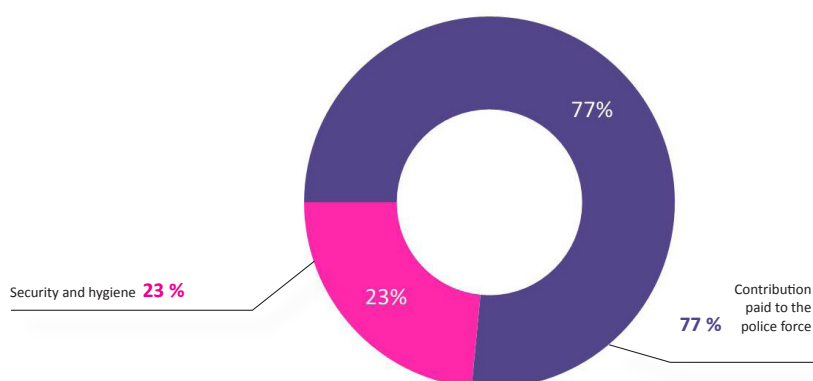
The City is involved in the field of research, in particular through its €2 million subsidy for its support fund for research and its €3 million contribution to the works of the university institute for haematology, within the framework of the Méary project.

The local authority also contributes to student life, through a subsidy worth €2.4 million which is paid to the CROUS (the regional office for student welfare).

Lastly, the **extracurricular sector** received an investment of €2.1 million, including for the improvement of school meals.

IN 2016, INVESTMENT REVENUE LINKED TO EDUCATION AND TRAINING REACHED €7.9 MILLION, OF WHICH €0.2 MILLION FOR PRIMARY EDUCATION AND €7.6 MILLION FOR SECONDARY EDUCATION. This revenue decreased in 2016 because the previous financial years were noted for their significant reimbursements paid by the Ile-de-France Region to the Department of Paris for works undertaken in school campuses which included both a middle school and secondary school ("combined campuses"). The 2015 AA therefore included €13.1 million of reimbursements for works undertaken on the Janson de Sailly campus (16th arrondissement) and €9.8 million for works on the Carnot campus (17th arrondissement). In 2016, these reimbursements were limited to €1 million, linked with the cycle of these operations.

BUDGET ALLOCATED TO SECURITY - 2016 AA



IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operating expenditure	356	350.4	360.1
of which payroll	47.5	50.4	59.4
Investment expenditure	24.6	7.6	27.9
Operational revenue	0.8	1	0.7
Investment revenue	0.8	1.4	1

OPERATIONAL SECTION

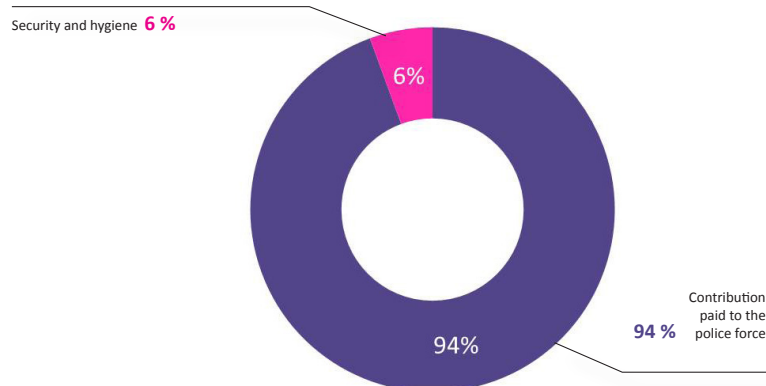
IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO SECURITY REACHED €360.1 MILLION, OF WHICH €59.4 MILLION WAS SPENT ON PAYROLL.

In order to improve the actions of the City of Paris in terms of hygiene and security in public and green spaces, the means linked to combatting anti-social behaviour, up to now spread between several departments, have been grouped together in the Department of Prevention, Security and Protection. This new department is organised into ten geographic areas in order to reinforce its coverage of the area as well as the cooperation with arrondissement municipalities and other City departments. The main impact of this reform has been the internal transfer of 677 budget items and the integration of 92 members of staff seconded from the Police force, which has given rise to an increase of 17.8% of the payroll deployed for security purposes.

Operational expenditure, excluding payroll ⁽¹⁾, allocated to security amounted to €300.7 million au CA 2016, in the 2016 AA, an increase of 0.2% compared with 2015 (+€0.7 million).

⁽¹⁾ It should nevertheless be noted that the contribution paid to the police force ultimately covers expenditure on payroll.

OPERATIONAL EXPENDITURE (EXCLUDING PAYROLL) - 2016 AA



The main expenditure by the City on security was the **contribution paid to the police force**. This contribution compensates the exercise, by special dispensation, by the police force, of ordinary law municipal responsibilities. This contribution amounted to €284 million in the 2016 AA, a reduction of 0.4% compared with 2015 (i.e. €1.2 million). Its reduction is due to the transfer of 110 surveillance personnel from the police force to the Paris local authority, from September 2016, as part of the reform for combatting anti-social behaviour.

Excluding the contribution to the Police force, **expenditure on security and public health** amounted to €16.8 million, an increase of €2 million compared with the 2015 AA.

Within this amount, **caretaking costs** amounted to €9.4 million, an increase of 23.5% (i.e. +€1.8 million) compared with 2015, due mainly to the additional measures taken as part of the reinforcement of security following the terrorist attacks, the organisation of Euro 2016, and the reception of immigrants. The opening of the Les Halles canopy in 2016 also required €0.6 million in caretaking fees in this financial year.

The subsidy paid in 2016 to the **Parisian property owners surveillance group (GPIS)** reached €4.8 million.

Expenditure allotted to **hygiene and cleanliness** reached €1.2 million in 2016, a slight increase compared with 2015. This covered fees for operating the City of Paris Hygiene Laboratory (LHVP) and the Municipal Department for Cleanliness and Hygiene Operations (SMASH), which conduct studies and monitoring operations in the fields of environmental and public health

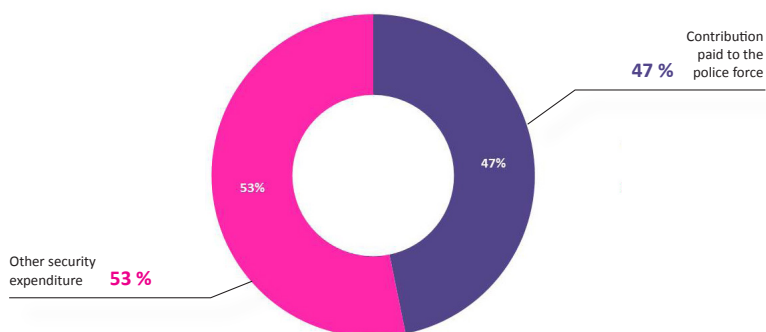
Other ordinary expenditure on security accounted for €1.4 million.

OPERATIONAL REVENUE REGARDING SECURITY REACHED €0.7 MILLION IN THE 2016 AA, A REDUCTION OF €0.3 MILLION COMPARED WITH THE 2015 AA.

In 2016, the revenue exclusively covered hygiene and public health with €0.7 million received compared with €0.8 million in 2015. The reduction compared with 2015 is due to the extraordinary receipt of a €0.08 million subsidy from the Inter-Ministry Fund for Prevention of Delinquency (FIPD) in 2015 and the reimbursement, in the same year, of caretaking fees by Paris Musées worth €0.17 million.

INVESTMENT SECTION

INVESTMENT EXPENDITURE - 2016 AA



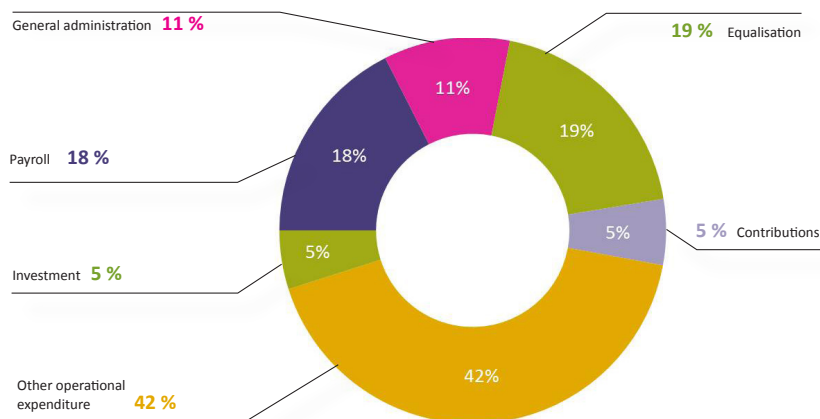
INVESTMENT EXPENDITURE FOR SECURITY REACHED €27.9 MILLION IN 2016 (A LARGE INCREASE COMPARED WITH THE 2015 AMOUNT OF €7.6 MILLION).

Indeed, 2016 was marked by the investment of more than €6.9 million for works undertaken to improve security and to install anti-intrusion material into our public facilities as part of the post terrorist attack measures. Thus, €6.3 million was invested to support the deployment of 165 new cameras by the police force as part of the Paris Video Security Plan (PVPP). Furthermore, €13.1 million was also spent by the Police force and the Paris fire brigade to cover works undertaken in police and fire stations.

€1.2 million was also allotted to routine public hygiene works.

INVESTMENT REVENUE REACHED €1 MILLION.

CONSOLIDATED BUDGET FOR GENERAL SERVICES - 2016 AA



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

IN € MILLIONS	2014 AA	2015 AA	2016 AA
Operating expenditure	2,301.5	2,359.5	2,420.8
of which payroll	441	421.2	446.3
Investment expenditure	90.1	118.3	125.2
Operational revenue	6,272.9	6,228	6,330.8
Investment revenue	185.4	212.2	143.8

METHODOLOGICAL CLARIFICATION :

The accounting category 0 "general services" includes, in accordance with the budgetary and accounting instructions, "non-divisible operations" and expenditure regarding "general administration". It thus records internal expenditure⁽¹⁾, **expenditure arising from the authority's public services and facilities operations, equalisation expenditure**, excluding the National Individual Guarantee Fund for Resources (FNGIR), and **grants for arrondissements' operational budgets**. These three categories of expenditure are listed below.

Expenditure stemming from the Les Halles redevelopment project and the embankment roads, charged to the 0 category, is outside the perimeter presented and reintegrated in the "development" category. The same applies to the subsidy paid to the police force, included in the "security" category for more clarity.

OPERATIONAL SECTION

IN 2016, THE OPERATIONAL BUDGET ALLOTTED TO GENERAL SERVICES REACHED €2,420.8 MILLION, OF WHICH €446.3 MILLION WAS SPENT ON PAYROLL.

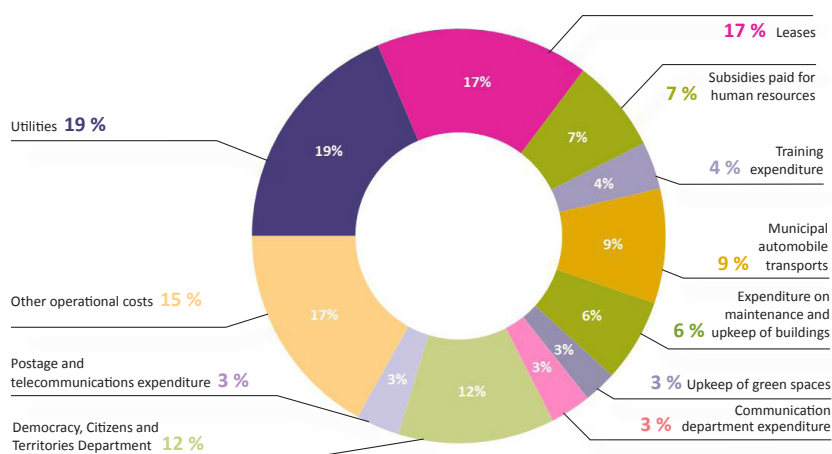
► GENERAL ADMINISTRATION EXPENDITURE

Excluding payroll and excluding extraordinary costs, **the operational budget allocated to general administration was €272.4 million**, a drop of 1.4% (-€3.7 million) compared with the 2015 AA. This reduction is the result of the application of measures aimed at managing maintenance and operating costs for facilities and services for the authority.

⁽¹⁾ However, all the expenditure presented in this part of the report is actual; internal expenditure is detailed in part III of the report. Internal expenditure is allocated to accounting operations (in particular, grants on depreciation and reserves for risks), is strictly balanced in expenditure and revenue, and therefore has no financial impact.

Operational expenditure on public services and facilities of the local authority is presented below. It is very diverse by nature, and includes utilities, leases, IT maintenance, training costs or even rental of municipal automobile transportation.

MAIN EXPENDITURE ITEMS (EXCLUDING PAYROLL) - 2016 AA



The main item is **utilities**, in particular costs associated with water, electricity, gas and fuel consumption for the Authority's facilities (in particular, child day-care centres, cultural and sports facilities managed by the public sector). This item accounted for a total of €50.7 million, a reduction of €5.3 million compared with 2015. This reduction is mainly due to the City of Paris's efforts to cut costs related to the use of buildings (heating protocols, optimisation of monitoring mechanisms and systematically switching off IT equipment outside working hours) and due to the positive effects of the energy efficiency works implemented as part of the Paris Climate and Energy Plan (maintenance of heating stations, replacement of boilers in particular) have had on consumption.

The second most important item is **renting costs** which cover rental costs and rent paid by the authority. Renting costs accounted for €45.4 million, which is a reduction of €0.3 million compared with the 2015 AA. These savings have been achieved by lowering certain leases or cancellations in favour of new less expensive leases (cancellation of the lease of 37/39 Avenue Ledru-Rollin and relocation of the DFPE at 76 Rue de Reuilly, cancellation of the lease on Réaumur in connection with the Bédier project).

The third-largest expenditure item was that of the **Democracy, Citizens and Territories Department (DDCT)**. This expenditure amounted to €33.3 million, compared with €32.4 million in 2015, which is a difference of +€0.8 million linked mainly to the impact of the revaluation of the civil service point set by the State. This expenditure includes **allowances, travel and training costs for mayors, deputy mayors and councillors**, which stood at €17.3 million and the subsidy paid for the **organisation and operation of the Paris Council** (€3.9 million).

The **rental of vehicles for municipal automobile transport** (whose costs are kept separate in an ancillary budget), amounted to €24.4 million compared with €24 million in 2015. This increase is due to the payment of transport expenditure from end 2015 during the 2016 financial year.

Subsidies paid for **human resources**, financing meals and company benefit schemes reached €20 million. Regarding staff meals, €11.5 million was paid to the Association for Social Action for Paris City and Department Staff (ASPP), which is a decrease of €0.7 million compared with 2015, during which financial year the ASPP received an extraordinary subsidy. On the other hand, €8.5 million was paid to the association that manages company benefit schemes for staff working in the

Parisian administration (AGOSPAP), which is a decrease of €0.6 million compared with 2015. This is consistent with an adjustment made to account for the surplus recorded by the association in previous financial years.

Maintenance expenditure (mainly IT and building maintenance) accounted for €17.7 million and is stable compared with 2015.

Training expenditure for the Council, excluding costs related to access to employment (see “economic development” item) reached €10.1 million, a decrease of €0.5 million compared with the 2015 AA, mainly due to the reduction in the number of students training in certain sectors (nurses, health executives, senior technicians).

Expenditure on postage and telecommunications reached €9.3 million which is a slight increase of €0.1 million compared with 2015.

Expenditure incurred by the Communication Department in 2016 stood at €8.8 million, which is an increase of €0.4 million compared with 2015. This increase is mainly due to the commemorations in tribute to the victims of the terrorist attacks (ceremonies on 10 January 2016, illumination of the Eiffel Tower). This amount also includes expenditure linked to contracts for services with private companies (€2.9 million), costs for catalogues and printed material (€1.9 million, which is a decrease of €0.1 million), and participation in fairs and exhibitions (€0.7 million). Lastly, expenditure on exhibitions stood at €0.7 million. They increased by €0.1 million compared with the 2015 financial year, which is due to the success of the free exhibitions held at the City Hall, in particular, the extension of the Coluche exhibition.

Costs related to the **management of cemeteries** also fall under this budget item, and accounted for €6.5 million in 2016, a decrease of €0.3 million compared with 2015; they include in particular €1.5 million for the funerals department, which oversees funeral service providers (undertakers and the Père Lachaise crematorium).

Legal expenditure for the City of Paris accounted for €3.6 million, a slight decrease compared with 2015 (€3.7 million). The main costs were €2.2 million for access to justice and €1.2 million for fees relating to deeds, as well as lawyer and notary fees.

Subsidies paid to departmental unions of trade union organisations and to the administrative commission at the Trades Union Centre, also charged to this category, reached €2.8 million in 2016, which is stable compared with 2015.

This category also includes expenditure covering the purchase of **work clothes** for staff in technical departments, which amounted to €6.5 million. It also includes **the Authority's other ordinary duties**, such as insurance costs (€2.2 million), cleaning costs for premises (€2.1 million), and also the property and other local taxes paid on facilities (€0.9 million).

► EQUALISATION EXPENDITURE

Expenditure on equalisation (excluding the FNGIR) reached €491.4 million, compared with €455.6 million in the 2015 AA. It therefore increased by 7.9% (+€35.8 million) due to :

- The national fund for equalisation of intercommunal and communal resources (FPIC), which grew by €26.6 million whose total amount stood at €183.8 million in 2016.
- the reduction by €5.8 million of the contribution to the two equalisation funds of the taxes on the transfer of properties against payment (DMTO), which stood at €90.9 million, which is due to the change in revenue from the latter in 2015.
- the €10 million increase in the contribution to the Solidarity Fund for Ile-de-France Region Communes (FSRIF), which reached €161.4 million;
- the €3.8 million increase in the contribution to the CVAE equalisation fund, which stood at €27.6 million;
- the €1.2 million increase in the contribution to the Solidarity Fund for Ile-de-France Region Departments (FSDRIF), which reached €27.7 million.

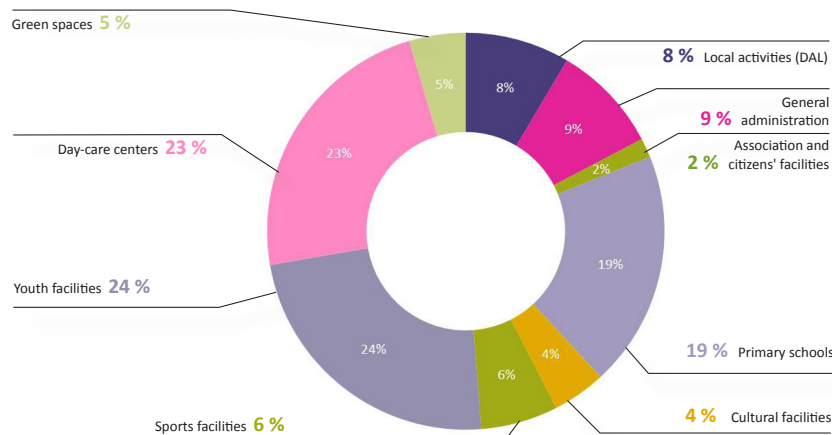
► GRANTS FOR ARRONDISSEMENT OPERATIONAL BUDGETS (ESA)

Grants paid to arrondissement operational budgets for “general services” accounted for €140.3 million, (a reduction of €1.4 million compared with the 2015 AA).

This decrease is explained by the extraordinary expenditure made in 2015 on costs for utilities, cleaning and rental of certain local facilities, linked to the delays in invoicing and the supplementary services requested in 2015.

In 2016, the grant for local management of arrondissement operational budgets reached €128.5 million compared with €130.1 million in 2015. The grant for local activities reached €11.8 million compared with €11.7 million in 2015.

EXPENDITURE DISTRIBUTION OF OPERATIONAL GRANTS PAID TO ARRONDISSEMENT OPERATIONAL BUDGETS IN 2016



► PARIS' INTERNATIONAL PROFILE

The budget allocated to **international relations** reached €5.5 million, compared with €6 million in 2015, a year marked by the hosting of COP 21 in Paris. This budget mainly includes subsidies, worth €4.6 million (which is the same amount as in 2015), including €1.8 million which was given to associations for combatting AIDS and for international medical aid, the remaining subsidies being spent on emergency aid or developmental projects in the cultural and solidarity fields, or linked to the francophone community.

► EXTRAORDINARY COSTS

Extraordinary costs reached €19.2 million, which is a decrease of €7.8 million compared with 2015, during which an ad-hoc cost of €13.9 million was recorded for accounts receivable in the departmental budget in connection with the accounts auditing process. These cancellations of funds from previous financial years amounted to €11.4 million, which is an increase of €1.9 million compared with 2015. Lastly, allowances paid as part of dispute settlements accounted for €15.2 million, an increase of €2 million compared with 2015 due in particular to the extraordinary VAT equalisation.

► OTHER OPERATIONAL EXPENDITURE

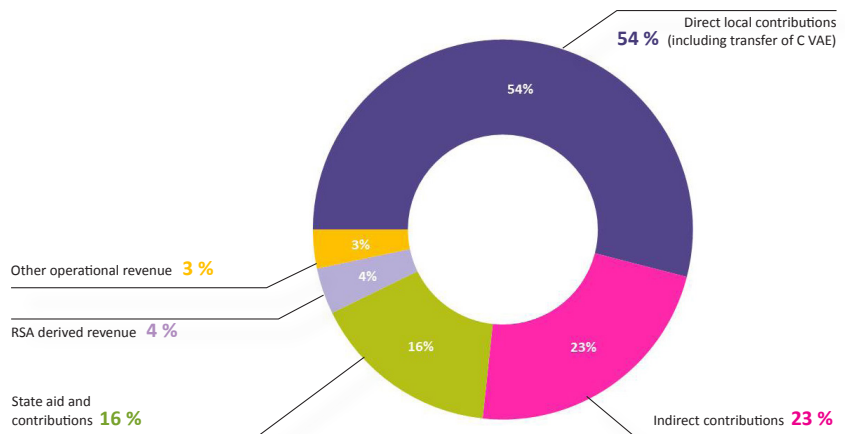
This expenditure reached €1,049 million in 2016 and mainly included the contribution amount paid to the FNGIR, which remained stable at €898.2 million. Also included in this expenditure were financial fees which reached €131.3 million compared with €122.7 million in 2015, the €3.6 million contribution paid to the CNRACL (national retirement fund for local authority staff) as well as non-recoverable debts for an amount of €4.7 million.

► OPERATIONAL REVENUE

The main portion of tax revenue and operating grants paid by the State was charged to the 0 category - "non-divisible operations". Nevertheless, some taxes such as the tax for removal of household waste (TEOM), as well as parking fees and a large number of contributions were charged to other categories and do not feature in this section.

THE OVERALL INCOME FROM REVENUE GENERATED FROM GENERAL SERVICES REACHED €6,331 MILLION.

DISTRIBUTION OF OPERATIONAL REVENUE - 2016 AA



At a constant taxation rate, **direct contributions** experienced a growth of €24 million compared with the 2015 AA to reach €3,560 million. This amount includes the tax repayment made by the Greater Paris Metropolis (MGP) for an amount of €527 million.

The increase in direct contributions received in 2016 can be explained mainly by the spontaneous increase in revenue from corporate property tax (+€5.7 million, of which €3.1 million was linked to the nominal revaluation and €2.6 million linked to the physical variation of the bases) and by the increase in the CVAE (+€3.4 million).

The €9.8 million increase in the City and Department **property tax** ⁽²⁾ came from the +€9.9 million nominal revaluation of 1% decided by the French Parliament, plus €0.1 million of the physical variation in bases and minus €0.2 million for the transfer of the additional tax on non-developed land (TAFNB) to the MGP (which is nevertheless covered by the compensation payment). This increase was less than anticipated by the provisional budget for 2016, due to the measures of direct local taxation exemption for elderly persons living in modest conditions which were enacted at the end of 2015 by the State, and to the application of the QPV (Priority neighbourhoods for urban policy) in place of the ZUS perimeter (Sensitive Urban Area) for the application of 30% rebate for social housing located in these areas.

Revenue from **housing tax** increased by €1.1 million (0.1%) of which +€7.4 million linked to the nominal revaluation of bases, -€6.6 million linked to the physical variation of bases, and +€0.3 million for the increase in housing tax contribution for second homes adopted in 2015 to incite owners to remarket accommodation which is currently under-occupied. This semi-stability of the housing tax is explained by the long-term return of the exemption for elderly persons living in modest conditions, which is more significant with regard to housing tax than property tax.

CHANGE IN LOCAL AUTHORITY TAX REVENUES (IN MILLIONS OF EUROS)

	CA 2015	CA 2016	SOLDE	Evol. %
Property Taxes	990.69	1,000.48	9.79	1%
Housing tax	759.06	760.18	1.12	0.1%
Of which increase in housing tax	20.9	21.2	0.3	1.7%
Corporate property tax	311.69	317.41	5.72	1.8%
Supplementary taxes levied	22.78	23.59	0.81	3.5%
Additional tax levies	2.16	6.10	3.94	182.8%
Contribution to corporate added value	1,422.14	922.07	-500.07	-35.2%
Flat-rate tax on network businesses:	11.58	2.60	-8.98	-77.5%
Commercial premises tax:	15.78	-	-15.78	-100%
Repayment of tax made by the Greater Paris Metropolis	-	527.14	+ 527.14	+ 100%
TOTAL	3,535.86	3,559.56	23,70	0.7 %

⁽²⁾ Developed and non-developed land (includes the additional tax on non-developed land transferred to the MGP in 2016)..

Indirect contributions (excluding RSA) reached €1,488.9 million compared with €1,228.9 million in 2015, which is an increase of 21.7%, because of the exceptional increase in revenue from property taxation.

CHANGE IN LOCAL AUTHORITY TAX REVENUES (IN MILLIONS OF EUROS)

	2015 AA	2016 AA	CHANGE %
Transfer rights	743.8	970.3	30.5%
Additional tax on transfer rights	258.7	290.8	12.4%
Additional tax on certain stamp duties	13.8	12.9	-6.5%
Electricity tax	67.6	68.8	1.8 %
Visitors' tax	65.7	68.7	14.1%
Special tax on insurance contracts	60.5	58.8	-2.8%
Entertainment tax	1.9	1.6	-14.6%
TICPE (internal tax on the consumption of energy products)	15.9	16.1	1%
Other tax repayments	0.7	0.8	0.9%
Funeral Taxes	0.3	0.3	-7.8%
TOTAL	1,228.9	1,488.9	21.7%

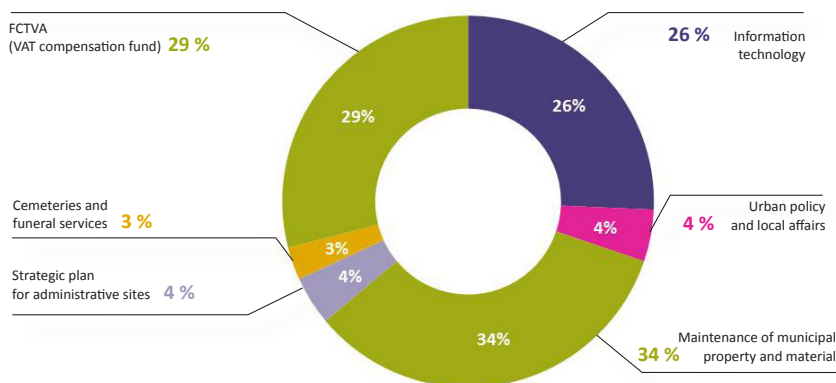
- **Transfer rights** paid to the Department generated €970.3 million of revenue, which is an increase of €226.6 million compared with 2015.
- **Additional tax on certain stamp duties** received by the Department accounted for €12.9 million of revenue.
- **Additional tax on stamp duty (TADE)**, received by the City, reached €290.8 million, an increase of €32 million compared with 2015.
- **Property tax revenue** reached €1,274 million compared with €1,016 million in 2015, which is an increase of 25% (+€258 million). This increase is due to the exceptional activity of the property market in the capital city (worth around €126 million) and the increase of the departmental rate by 0.7% for legal documents signed from the 1 January 2016 (generating an estimated additional revenue of €132 million). For this reason, the number of transactions recorded by the regional department of public finances increased considerably: it was 46,357 in 2016 compared with 42,399 in 2015 (fiscal year). Furthermore, the average cost per square metre of property continues to increase: it was €8,185 in 2016 compared with €7,498 in 2015.
- **Visitors' tax** reached €68.7 million, an increase of €3 million compared with 2015 (+4.6%). Given the national context and in particular the decrease in tourism linked to the terrorist attacks, the application of a so called "real-rate" visitors' tax produced a lower overall additional yield than expected. Nevertheless, the revenue from visitors' tax is increasing due to the contribution from an internet reservation site which has been collecting visitors' tax since 1 October 2015 and which paid, in 2016, €6.5 million to the Parisian local authority (€1.2 million in the second half of 2015 and €5.3 million in 2016).
- The **revenue on tax on gambling and casinos tax** (formerly entertainment tax) reached €1.6 million in 2016 compared with €1.9 million in 2015.
- The revenue from **local tax on final consumption of electricity (TCFE)** levied by the City and the Department reached €69 million, a slight increase compared with 2015 (€68.7 million).
- The amount of **grants and contributions** reached €1,059 million, a decrease of €195 million compared with 2015, which is down 16%, mainly due to the reduction of the general operating grant by €193.3 million, representing a 20.8% reduction.
- As for **state aid** to local authorities, it has been declining since 2014 as part of the policy of balancing public accounts. The contribution of local authorities at the national level reached €3.67 billion in 2016, which is identical to the 2015 amount.
- The **general operating grant (DGF)**, including the component "compensation for salary share" (CPS) paid since 2016 by the Greater Paris Metropolis through the compensation payment, dropped by 20.8% (-€193 million) compared with the 2015 AA, falling from €930 million to €737 million. Besides the compensation payment from

the Metropolis, the DGF paid by the State reached €283 million compared with €477 million in the 2015 AA.

- The **compensation grants for tax exemptions** (€43 million) fell by €4 million compared with 2015. Grants for exemptions on housing and property tax fell by €2 million (mainly due to the return in 2015 to the taxation of persons living in modest conditions, taxpayers who ultimately benefitted from a tax relief mechanism). Compensations for economy tax exemptions (€11.2 million), including some which covered the adjustment variables within the State aid envelope, also declined by €2 million in order to finance the increase of the vertical equalisation payments.
- The **general grant for decentralisation (DGD)** as well as the special grant for primary teachers (DSI) remained stable, with respective values of €15.8 million and €0.2 million.
- **Other contributions** accounted for €4.4 million, compared with €2.5 million in 2015. Compensations for loss of additional tax on stamp duty (TADE) on business capital were stable at €1 million in 2016
- **Revenue linked to RSA** unemployment benefits reached €259.4 million, which is practically the same as in 2015. The Department's assumption of RMI followed by the RSA benefits payment was compensated in 2016 at a rate of 68% through the transfer of a fraction of the resources from the internal tax on consumption of energy resources (TICPE). The amount received from the same was €246.6 million and corresponds to the compensation entitlement based on expenditure made by the State for RMI on 31 December 2003, then adjusted with the creation of the RSA at the end of 2008. It was supplemented by revenue from the Departmental Mobilisation Fund for Integration (FMDI) which stood at €12.8 million in 2016.

INVESTMENT SECTION

INVESTMENT EXPENDITURE – 2016 AA



► GENERAL ADMINISTRATION EXPENDITURE

GENERAL SERVICES INVESTMENT EXPENDITURE REACHED €125.2 MILLION.

The grouping together of services, in accordance with the strategic plan for administrative sites, accounted for an expenditure of €5.2 million in 2016. This amount mainly covers the relocation of services at Rue du Département (19th arrondissement) and Rue du Pré (18th arrondissement), and in preparation of relocating services offered at the Morland building (4th arrondissement). This rationalisation of administrative sites will produce long-term saving, notably in terms of energy efficiency.

Building, materials and municipal property maintenance mobilised €32.9 million, of which €15.8 million was spent on works for energy renovation, with €8.5 million on the modernisation of boilers.

GENERAL SERVICES

Maintenance of arrondissement town halls accounted for an investment of €3.5 million and the modification of lifts to comply with current regulations cost €2.9 million.

Furthermore, €3.6 million was invested in the field of funeral services and cemeteries.

IT equipment and maintenance accounted for €34 million. €5.5 million was spent on the renewal of terminal equipment, and €10.4 million on application projects, of which €2.1 million for the development of IT systems to communicate with users and €1.4 million on financial IT systems.

Lastly, €36.3 million was allotted to the first reimbursement of the advance of the compensation fund for VAT (FCTVA) paid by the Caisse des Dépôts et Consignations in 2015.

► INVESTMENT GRANT FROM ARRONDISSEMENTS.

The investment grant from arrondissement councils reached €5.1 million in 2016.

INVESTMENT REVENUE

► GENERAL ADMINISTRATION

This revenue amounted to €17.6 million, of which €16 million for the transfer of stocks which the Department held in SOGARIS and €0.8 million from repayments from third party accounts.

► GRANTS

Grants were charged to the 01 category, with an amount of €126.2 million. In addition to the FCTVA (€114.9 million), the local facilities tax (TLE) accounted for €11 million and the revenue from fines, paid to the Department, reached €0.3 million.

III/ ADMINISTRATIVE ACCOUNTS AND TECHNICAL ENTRIES

1/ BALANCED OPERATION DETAILS

Parts I and II of this report present the actual budget of the City and the Department, net of balanced entries in expenditure and revenue, in order to reflect the actual financial effort made by the authority to facilitate the different policies being implemented. Part III deals with the other entries which appear in the 2016 administrative accounts.

In operational terms, the main balanced operations concern the equalisation contribution paid by the City to the Department, on the departmental bonus paid to staff, the cost of elected officials' staff and the contribution to the recovery of public finances, recorded as expenditures in the Department budget and revenue in the City budget.

It should be noted that, compared with the actual operational revenue, the administrative accounts show €186.1 million on the 775 account, representing revenue from sales, recorded as operational before being immediately reintroduced to the investment section ⁽¹⁾ : **they are therefore presented within the investment revenue.**

€601 million of internal expenditure is added to this amount, and €501.5 million of internal revenue, which is broken down below.

The following entries in the administrative accounts were added to the **local authority's net investment expenditure** (€1,628.9 million) :

- €200 million of debt settlements;
- €113.3 million on the municipal budget, corresponding to the balanced entries in expenditure and revenue on development operations and the property account in particular;
- €501.5 million of internal transactions (€419.7 million for the City and €81.8 million for the Department), described below (cf. 3);
- €376.3 million of internal transactions from the investment section (€376.1 million on the City and €0.2 million on the Department), dedicated to property transactions under chapter 041, and described below (cf 3).

The following entries in the administrative accounts **are added to net investment revenue** (€537.9 million) :

- million correspond to the allocation from the previous balance from the operational section (exclusively for the Department);
- €681 million of new loans;
- €102.1 million in the municipal budget, corresponding, as reflected in expenditure, to the balanced entries on development operations and scheduled sales in particular;
- €601 million of internal transactions (€494.7 million for the City and €106.3 million for the Department), described below (see 3);
- €376.3 million of internal transactions from the investment section (€376.1 million on the City and €0.2 million on the Department), dedicated to property transactions under chapter 041, and described below (see 3).

2/ OPERATIONS LINKED TO DEBT

DATE NEGOTIATED	TYPE	LENDER / ARRANGER	AMOUNT BORROWED (M€)	VALUE DATE	DUE DATE	DURATION (YEARS)	INTEREST RATE (%)	SPREAD / OAT (IN PB=0,01 %)
30/03/2016	Public debenture	Citibank/HSBC/Natixis	300	06/04/2016	12/01/2032	15,77	1,313	38
08/04/2016	Private debenture	HSBC	35	19/04/2016	19/04/2038	22	1,512	34
14/04/2016	Private debenture	Natixis	26	29/04/2016	30/04/2029	13	1,03	31
21/06/2016	Schuldschein	Helaba	50	24/06/2016	24/09/2043	27,25	1,499	29,5
22/06/2016	Private debenture	Goldman sachs	50	05/07/2016	25/05/2030	13,89	0,951	29
14/10/2016	Schuldschein	Helaba	40	18/10/2016	18/10/2041	25	1,278	26,5
14/10/2016	Private debenture	Citibank	50	27/10/2016	27/10/2036	20	1,16	25
09/11/2016	Private debenture	HSBC	50	18/11/2016	18/11/2036	20	1,3	25
25/11/2016	Supra	CDC	50	01/12/2016	01/12/2036	20 repayments	0	NS
25/11/2016	Supra	CDC-BEI	30	01/12/2016	01/03/2042	25 repayments	1,48	NS
TOTAL			681		WEIGHTED AVERAGE AMOUNT	17,28	1,2	27,43

In 2016, the City of Paris was able to continue to self-finance in particularly interesting conditions by benefitting from an environment of low interest rates.

Once again, the City had recourse to Schuldschein type financing for €90 million (credit contract under German law, semi-debenture type). This type of financing, tested for the first time in 2013, offers the advantage of letting the City diversify its sources of finance, as well as its attractive financial conditions.

⁽¹⁾ When a sale occurs, the investment section must record on the different accounts the exit of the property from the portfolio and its initial purchase value on the one hand, and the appreciation or depreciation in value on the other. The 775 account in the operational section is a form of pivot account to receive the amount of the revenue without this breakdown. The reinsertion into the investment section is made by an internal transaction, as presented on p.68 of this report: the initial purchase values (€31.6 million) and the added value (€161.4 million), minus the depreciations (€6.9 million), correspond to the overall revenue (€186.1 million).

The City also used the two financing envelopes offered by the CDC for a selection of public interest or social objective projects (€30 million at 1.48% over 25 years and €50 million over 20 years at a zero rate). Unlike almost all loans taken out by the City which are refundable at the end, these two contracts are subject to constant deadlines (repayment plus interest).

The other funds raised in 2016 were made using the debenture format. The City proceeded with a new significant bond issue (€300 million) with HSBC, Natixis and Citibank as arrangers. The aim of smoothing out the repayment burden was translated by longer maturities and by the extension of the average duration of debt which went from 9.68 to 10.35 years. These loans were all taken on at fixed rates, in order to benefit from the low interest rate environment, except for the private investment of €26 million taken on via Natixis, and combined with an issue swap bringing it back to an equivalent fixed rate of 1.03% pa.

The low rates throughout the financial year meant that funds could be levied regularly in March, April, June, October and November.

3 / INTERNAL TRANSACTIONS

Three types of internal transactions were grouped together in individual overall chapters :

- internal transfer operations between the operational and investment sections (chapters 040 and 042);
- internal transactions within the investment section - so-called "property" (chapter 041);
- the transfer from the operational section (chapter 023) to the investment section (chapter 021).

Internal transactions undertaken in 2016 on the City and Department budget were as follows (operational and investment) :

Chapter	CITY	DESCRIPTION	INVESTMENT				OPERATIONAL			
			EXPENDITURE		INCOME		EXPENDITURE		INCOME	
			BUDGET ENTRIES	REALISATIONS	BUDGET ENTRIES	REALISATIONS	BUDGET ENTRIES	REALISATIONS	BUDGET ENTRIES	REALISATIONS
040		Internal transfers between sections (investment)	427 291 573	419 749 036	337 737 568	494 717 666	0	0	0	0
042		Internal transfers between sections (operational)	0	0	0	0	337 737 568	494 717 666	427 291 573	419 749 036
041		Property transactions	451 787 279	376 083 068	451 787 279	376 083 068	0	0	0	0
021		Transfer from the operational section	0	0	152 327 486	0	0	0	0	0
023		Transfer from the investment section	0	0	0	0	152 327 486	0	0	0
		TOTAL CITY	879 078 852	795 832 104	941 852 333	870 800 734	490 065 054	494 717 666	427 291 573	419 749 036
Chapter	DEPARTMENT									
		040		Internal transfers between sections (investment)	88 800 000	81 756 819	94 000 000	106 321 249	0	0
		042		Internal transfers between sections (operational)	0	0	0	0	94 000 000	106 321 249
		041		Property transactions	6 895 000	179 190	6 895 000	179 190	0	0
		021		Transfer from the operational section	0	0	137 106 492	0	0	0
		023		Transfer from the investment section	0	0	0	0	137 106 492	0
				TOTAL DEPARTMENT	95 695 000	81 936 009	238 001 492	106 500 439	231 106 492	106 321 249
		TOTAL CITY AND DEPARTMENT INTERNAL TRANSACTIONS	974 773 852	877 768 113	1 179 853 825	977 301 173	721 171 546	601 038 915	516 091 573	501 505 855

A - BUDGET MOVEMENTS IMPLEMENTED BETWEEN SECTIONS IN 2016 (CHAPTERS 040 AND 042)

Chapter	CITY	INVESTMENT		OPERATIONAL	
		Actual EXPENDITURE	Actual REVENUE	Actual EXPENDITURE	Actual REVENUE
040	Internal transfers between sections (investment)	419 749 036	494 717 666	0	0
042	Internal transfers between sections (operational)	0	0	494 717 666	419 749 036
	DEPARTMENT				
040	Internal transfers between sections (investment)	81 756 819	106 321 249	0	0
042	Internal transfers between sections (operational)	0	0	106 321 249	81 756 819
	TOTAL 040 ET 042	501 505 855	601 038 915	601 038 915	501 505 855

1. GRANTS FOR DEPRECIATION AND RESERVES

Depreciation on fixed assets were charged to chapters 68 (grants for depreciation and provisions) in operational expenditure and 28 (depreciations on fixed assets) in investment revenue.

In 2016, property acquired since 1997 was depreciated as well as the facilities subsidies (paid between 1997 and 2016 for the City and between 2003 and 2016 for the Department) **for a total amount of €386.1 million, of which €298 million for the municipal budget and €88.1 million for the Departmental budget.**

Furthermore, **the depreciation of repayment premiums on debts** charged to chapters 68 in operational expenditure and 16 in investment revenue for the municipal budget corresponds to the annual depreciation, for the lifetime of bond issues, of the issue premium set at the time of their launch (bonds being issued at a discount).

Seventeen issues launched since 2005 (annual depreciation on the duration of the loan) account for an expenditure of €1.3 million in 2016 :

- V514 - Dexia Morgan Stanley (€120 million in June 2005)
- V519 - Natixis HSBC (€200 million in May 2006)
- V521 - Dexia-Caylon (€100 million in November 2006)
- 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 - Investment HSBC Private (€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 investment (€70 million in July 2014)
- V569 - Schuldschein Helaba (€40 million over 15 years in December 2014)
- V581 - HSBC Natixis Citi (€300 million over 16 years in April 2016)

Lastly, in accordance with the 2016 resolutions DFA 165 and DFA 64G regarding the methods of constitution and recovery of provisions approved in the December 2016 session, the reserves for risks and costs were subject to a supplementary reserve worth €0.75 million and a recovery of €8.2 million. **Established reserves therefore went from €16.6 million to €9.1 million in the municipal budget and from €0.07 million to €0.12 million in the departmental budget for litigation risks.**

Reserves for risky debts were subject to a supplementary reserve of €22.1 million. These movements allow the authority to adjust the reserves to the monitoring undertaken by the Regional Department for Public Finances (DRFIP). **The established reserves for risky debts (depreciation of debt) have therefore gone from €20.7 million to €40.7 million in the municipal budget and from €14.9 million to €17.1 million in the departmental budget.**

The reserves are recorded in chapters 68 in operational expenditure and 15 and 49 in investment.

2. SALES OF FIXED ASSETS

Since the reform of budgetary and accounting management M14 which took place on 1 January 2006, sales of fixed assets are **only budgeted in revenue from the investment section** (chapter 024) but are subject to an execution in the operational and investment sections as previously.

THE FOLLOWING ARE THEREFORE RECORDED IN THE OPERATIONAL SECTION :

- in expenditure : **the net account value of fixed assets sold (€28.5 million in the municipal budget and €3.1 million in the departmental budget) as well as the realised appreciation (€146.2 million in the municipal budget and €15.2 million in the departmental budget), which is a total of €192.9 million;;**
- in revenue : **depreciation was recorded at €6.9 million in the municipal budget.**

THE FOLLOWING WAS RECORDED IN THE INVESTMENT SECTION :

- in revenue : **the exit from the portfolio of fixed assets sold (chapters 21 and 27) as well as realised appreciation worth €174.7 million in the municipal budget and €18.2 million in the departmental budget), which is a total of €192.9 million;**
- in expenditure : **depreciation realised at €6.9 million in the municipal budget.**

The main sales of property assets undertaken in 2016 were :

- the building at 16-20 Avenue d'Eylau (16th) €40 million
- section 2 of the plot at 31-43, Boulevard Carnot (12th arrondissement) €15 million
- the Bûcherie site, 13-17 Rue de la Bûcherie (5th arrondissement) €13.5 million
- 112 lots at 92 to 144 Boulevard Suchet (16th arrondissement) €13.2 million

• the areas of the extension of the exchange hub at the Châtelet-les Halles station (1 st arrt)	€11.1 million
• the areas from 195 Avenue Daumesnil (12 th arrt)	€10.3 million
• the area of the ZAC des Docks, Boulevard Victor Hugo in St Ouen (93 dept)	€5 million
• the retail premises no. 23, 27 and 28 at 103 Avenue de France (13 th arrdt)	€4.9 million
• Plot F34 at 34-44 Avenue Gaston Roussel in Romainville (93 dept)	€3.4 million
• lots D1, D2 and D3 of the Paul Meurice development area (20 th arrdt)	€2.6 million
• lots 3, 5 and 24 at 5 Quai Malaquais (6 th arrdt)	€2.4 million
• lot 3 at 5-7 Rue des Beaux Arts (17 th arrdt)	€2.3 million
• 13 lots at 31 Rue Bonaparte (6 th arrdt)	€2.2 million
• the building used as a hotel at 11 Rue des Deux Gares (10 th arrdt)	€2.1 million
• lots 1, 3, 6, 26, 29 and 30 at 16 Rue de Seine (6 th arrdt)	€2 million
• 16 lots at 12 Rue Chauvelot (15 th arrdt)	€1.8 million
• 9 sections of the Cardeurs-Vitruve development area (20 th arrdt)	€1.6 million
• 12 lots at 41-43 Rue de Reuilly (12 th arrondissement)	€1.1 million
• 13 lots at 64 Rue Pajol (18 th arrdt)	€1 million
• 27 lots at 18 Rue Letort (18 th arrdt)	€0.9 million
• 13 lots at 13 Rue d'Armaillé (17 th arrdt)	€0.9 million
• 10 lots at 28 Rue Mazarine (6 th arrdt)	€0.8 million
• expropriation of the highway at 27 to 33 Rue du Cardinal Lemoine (5 th arrdt)	€0.8 million
• 11 lots at 17 Rue Olivier de Serres (15 th arrdt)	€0.7 million
• 5 lots at 6 Rue de Seine (6 th arrdt)	€0.7 million

Scheduled transfers concerning :

• the land at 18/20 Avenue d'Italie, ZAC Paul Bourget, phase 2 (13 th arrdt)	€5.9 million
• the retail areas in the Berger car-park, at Forum des Halles level -4 (1 th arrdt)	€4,7 million

Transfers in the departmental budget :

• SOGARIS shares	€16,1 million
• Securities investments issued from legacies	€2 million

Furthermore, the departmental grant for middle school facilities (DDEC) is subject every year to a recovery which is at most equal to the grant on depreciation of school buildings (€5.8 million).

3. TRANSFERABLE FACILITIES SUBSIDIES

Transferable facilities subsidies cover chapter 13 (facilities subsidies) in investment expenditure and chapter 77 (extraordinary income) in operational revenue.

Paid facilities subsidies are taken up in the operational section and amortized.

For the municipal budget, this mainly concerned free real estate acquisitions **worth €41.1 million**.

For the departmental budget, this mainly concerned facilities subsidies paid by the State as part of the devolution of responsibilities in terms of housing, **for an amount of €81.8 million**.

Furthermore, the departmental grant for middle school facilities (DDEC) is subject every year to a recovery which is at most equal to the grant on depreciation of school buildings (€5.8 million).

4. PUBLIC WORKS

The operation consists of re-charging to investment expenditure in chapters 21 or 23 (expenditure) the purchase of materials and the personnel costs which allowed municipal staff to transform primary materials into fixed assets, worth €3.2 million in the 2016 municipal budget.

B - TRANSACTIONS RELATING TO ASSETS (CHAPTER 041)

	Chapter	DESCRIPTION	INVESTISSEMENT	
			Actual EXPENDITURE	Actual REVENUE
City	041	Property transactions	376,083,068	376,083,068
Dept	041	Property transactions	179,190	179,190
TOTAL 041			376,262,258	376,262,258

These movements correspond to balanced account entries in expenditure and revenue within the investment section.

In the municipal budget, it was mainly :

- the **reimbursement of advances paid as part of the delegation of contracting** worth €135.3 million (chapter 23), including €129 million as part of the redevelopment operation on Les Halles.

- **acquisitions of public expropriations** at no cost worth €31.2 million (expenditure chapter 21 and revenue chapter 13). These concern mainly:

- 4/6 Allée Verte (11th arrdt) €14 million
- Rue Crimée (19th arrdt) €5 million
- 13/17 Cité Aubry (20th arrdt) €4.5 million
- ZAC Amandiers (20th arrdt) €2.5 million
- ZAC Paris Rive Gauche(13th arrdt) €1.5 million
- ZAC Gare de Rungis (20th arrdt) €1.3 million

Furthermore, an equalisation worth €202 million regarding property acquisitions made for no charge between 2013 and 2015 was made following an accounting charge error (1318 instead of 1328).

- **the inclusion in the municipal portfolio of investment expenditure for the Arrondissement operational budgets** made in 2015, worth €4.4 million (expenditure chapters 20 and 21 and revenue chapter 21).

- **the inclusion of fees for studies and fees for landscaping in works expenditure** worth €2 million (expenditure chapters 21 and 23 and revenue chapter 20). In 2016, the transfer of fees for studies and landscaping was made followed by investments effectively made to actual expenditure in 2014 and 2015. These accounting transactions allowed the authority to include nearly €3 million in the field of investment expenditure eligible for the FCTVA, which created revenue for 2017 of €0.3 million.

Furthermore, the **issue of bonds** undertaken in 2016 was subject to an issue premium worth €2.67 million (loan V581 HSBC Natixis Citi worth €300 million in April 2016).

In the departmental budget, this was mainly related to movements recorded linked to the **inclusion of study and landscaping fees into works** worth €0.6 million, and the **repayment of advances paid** on contracting worth €0.1 million.

C - THE TRANSFER FROM THE OPERATIONAL SECTION TO THE INVESTMENT SECTION

The budgetary forecast for 2016 regarding the transfer from the operational section to the investment section was **€289.4 million, of which €152.3 million was in the municipal budget and €137.1 million in the departmental budget**. This transfer contributed to the self-financing emanating from the financial year in question and notably allowed the authority to ensure the reimbursement of annual repayments on capital debt. These budget entries are not subject to any budgetary implementation.

4) PROGRAMME AUTORISATIONS

On 1 January 2016, ongoing programme authorisations (investment expenditure ceilings) accounted for **€15.4 billion**. The expiration of **€2.8 billion** of APs corresponding to completed transactions was recorded in the administrative accounts, therefore bringing the remaining stock of ongoing APs at the end of 2016 to **€12.6 billion**.

€1.7 billion were in total approved for programme authorisations (actual credits and internal transactions) bringing the total of accumulated payments on ongoing APs at the end of 2016 to €8.6 billion. The net stock of APs therefore stood at **€12.6 billion** at the end of 2016.

	AP GROSS STOCK ON 01/01/2016	AMOUNT ISSUED ON AP IN 2016	AP EXPIRATIONS RECORDED	BALANCE GROSS AP	LONG-TERM PAYMENT ORDERS ACCUMULATED ON AP
City	13,291,992,040.44	1,501,784,112.29	2,670,245,248.56	10,621,746,791.88	7,573,686,321.52
Department	2,066,802,017.78	190,987,429.33	95,664,849.61	1,971,137,168.17	1,073,496,698.44
CONSOLIDATED	15,358,794,058.22	1,692,771,541.62	2,765,910,098.17	12,592,883,960.05	8,647,183,019.96

CITY ADMINISTRATIVE ACCOUNTS 2016

FINANCIAL EQUILIBRIUM

OPERATIONNAL SECTION

EXPENDITURE

ACTUAL TRANSACTIONS

Chapters 011, 012, 65, 656, 014	4 869 822 861,17
66 Financial costs	132 550 845,70
67 Extraordinary costs	39 496 494,17
Total actual expenditure	5 041 870 201,04
Balance actual transactions	

INTERNAL TRANSFERS BETWEEN SECTIONS

Total internal transactions expenditure	494 717 665,82
Total (actual and internal transactions)	5 536 587 866,86
002 Previous deficit carried over	0,00

TOTAL DÉPENSES DE FONCTIONNEMENT

5 536 587 866,86

REVENUE

ACTUAL TRANSACTIONS

Accounts 70 to 75 + 013	5 093 693 608,98
76 Financial products	25 463 263,15
77 Extraordinary products	208 719 455,45
Total actual and mixed revenue	5 327 876 327,58
Balance actual transactions	286 006 126,54

INTERNAL TRANSFERS BETWEEN SECTIONS

Total internal revenue transactions	419 749 035,96
Total (actual and internal revenue transactions)	5 747 625 363,54
002 Previous surplus carried over	0,00

TOTAL RECETTES DE FONCTIONNEMENT

5 747 625 363,54

OPERATIONAL RESULT

SURPLUS:

211 037 496,68

INVESTMENT SECTION

EXPENDITURE

ACTUAL TRANSACTIONS

Financial expenditure

10 Grants and miscellaneous funds	34 170 892,00
13 Subsidies	54 081,00
16 Loan repayment (excluding revolving credit)	249 625 995,20
16449 Revolving credit	0,00

26 Contributions	0,00
27 Other financial assets	34 874 921,55

Facilities expenditure

20 Intangible assets	21 284 449,79
204 Facilities subsidies paid	311 943 897,88
21 Tangible assets	496 870 167,73
23 Outstanding assets	588 204 972,18

45 Transactions on behalf of third parties	14 380 730,16
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Total actual expenditure	1 751 410 107,49
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SELF-FINANCING REQUIREMENT (EXPENDITURE - REVENUE)

358 150 392,64

INTERNAL TRANSACTIONS WITHIN THE SECTION

Total	376 083 067,72
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INTERNAL TRANSACTIONS BETWEEN SECTIONS

Total	419 749 035,96
Total (opérations réelles et d'ordre)	2 547 242 211,17
D001 Résultat reporté n-1	0,00

TOTAL INVESTMENT EXPENDITURE

2 547 242 211,17

REVENUE

ACTUAL TRANSACTIONS

Own funds from outside sources

10 Grants and miscellaneous funds (except 1068)	119 261 279,17
138 Non-allocated investment subsidies	0,00
27 Repayment of loans	66 607 398,50

Other definitive external resources

20 Intangible assets	693,97
204 facilities subsidies	16 211 351,02
21 Tangible assets	3 442 500,00
23 Outstanding assets	1 618 507,55
26 Transfer of contributions and associated debts	0,00
13 (except 138) investment subsidies	53 810 350,31

Other non-definitive external resources

163 Bond issues	510 030 050,00
164 Loans from credit institutions (excluding revolving credit)	170 000 000,00
16449 Revolving credit	
165 Deposits and guarantees received	17 964,33
168 Other loans and associated debts	440 938 803,27

45 Transactions on behalf of third parties	11 320 816,73
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Total actual revenue	1 393 259 714,85
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INTERNAL TRANSACTIONS WITHIN THE SECTION

Total	376 083 067,72
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INTERNAL TRANSACTIONS BETWEEN SECTIONS

Total	494 717 665,82
Total (actual and internal transactions)	2 264 060 448,39
R1068 Appropriation n-1	0,00

TOTAL INVESTMENT REVENUE

2 264 060 448,39

BALANCE AFTER EXECUTION OF INVESTMENT SECTION

DEFICIT

283 181 762,78

¹ (hors crédit revolving)

DEPARTMENT ADMINISTRATIVE ACCOUNTS 2016

FINANCIAL EQUILIBRIUM

OPERATIONAL SECTION

EXPENDITURE		REVENUE	
ACTUAL AND MIXED TRANSACTIONS		ACTUAL AND MIXED TRANSACTIONS	
Chapters 011, 012, 65, 6586, 014	2 614 470 155,25	Accounts 70, 73, 74, 75, 013	2 983 016 167,71
016 APA	128 400 013,18	016 APA	23 360 563,48
015/017 RSA	416 436 491,63	015/017 RSA	264 132 830,14
66 Financial costs	8 984,80	76 Financial revenue	1 151 710,60
67 Extraordinary costs	3 510 984,33	77 Extraordinary revenue	19 992 067,74
68 Grants to reserves	2 228 127,00	78 Recovery on reserves	17 552,00
Total actual and mixed expenditures	3 165 054 756,19	Total actual and mixed revenue	3 291 670 891,67
BALANCE OF OPERATIONAL AND MIXED TRANSACTIONS		126 616 135,48	
INTERNAL TRANSFERS BETWEEN SECTIONS		INTERNAL TRANSFERS BETWEEN SECTIONS	
Total internal transactions expenditure	106 321 248,61	Total internal revenue transactions	81 756 818,51
Total (actual and internal transactions)	3 271 376 004,80	Total (actual and internal revenue transactions)	3 373 427 710,18
D002 Previous deficit carried over	0,00	R002 Previous surplus carried over	
TOTAL OPERATIONAL EXPENDITURE	3 271 376 004,80	TOTAL OPERATIONAL REVENUE	3 373 427 710,18
TOTAL OPERATIONAL BALANCE		SURPLUS	102 051 705,38

INVESTMENT SECTION

EXPENDITURE		REVENUE	
ACTUAL TRANSACTIONS		ACTUAL TRANSACTIONS	
DEPARTEMENTAL FACILITIES (Dir. Invts.)	34 555 830,91	10 (except 1068) Own funds from outside sources	7 321 431,06
Facilities expenditure		Facilities expenditure	
20 Intangible assets	1 075 377,99	20 Tangible assets	0,00
21 Tangible assets	2 763 844,88	23 Outstanding assets	1,98
23 Outstanding fixed assets	30 524 236,96	27 Other financial assets	208 611,24
		274 Repayment of loans	1 608,00
018 RSA	192 371,08	018 RSA	0,00
EQUIPEMENTS NON DEPARTEMENTAUX	150 909 915,40	13 Facilities subsidies received	98 643 489,12
204 Subventions d'équipements versées	150 909 915,40	165 Deposits and guarantees received	0,00
		204 Facilities subsidies paid	0,00
45 Travaux pour compte de tiers	1 589 893,77	45 Contribution by third parties to works implemented on their behalf	1 500 747,17
Financial expenditure			
165 Deposits and guarantees	28 860,96		
26 Contributions	1 809 991,25		
27 Other financial assets	0,00		
10 Grants and miscellaneous funds	2 121 798,00		
Total actual expenditure	191 016 290,29	Total actual revenue	107 675 888,57
SELF-FINANCING REQUIREMENTS (EXPENDITURE - REVENUE)		83 340 401,72	
INTERNAL TRANSACTIONS WITHIN THE SECTION		INTERNAL TRANSACTIONS WITHIN THE SECTION	
Total	179 189,82	Total	179 189,82
INTERNAL TRANSACTIONS BETWEEN SECTIONS		INTERNAL TRANSACTIONS BETWEEN SECTIONS	
Total	81 756 818,51	Total	106 321 248,61
Total (actual and internal transactions)	272 952 298,62	Total (actual and internal transactions)	214 176 327,00
D001 Balance carried over n-1	0,00	R1068 Affectation n-1	44 313 382,71
TOTAL INVESTMENT EXPENDITURE	272 952 298,62	TOTAL INVESTMENT REVENUE	258 489 709,71
BALANCE AFTER EXECUTION OF INVESTMENT SECTION		DEFICIT	14 462 588,91

CONSOLIDATED FINANCIAL BALANCES 2011-2016 CITY AND DEPARTMENT OF PARIS FROM THE 2010 AA TO THE 2016 AA

IN MILLIONS OF EUROS

	AA 2011	AA 2012	AA 2013	AA 2014	AA 2015	AA 2016	Variation 2015/2016
Ongoing operational revenue	7 782	7 865	7 849	8 033	7 873	8 206	4%
Ongoing management costs	6 804	7 002	7 146	7 358	7 479	7 517	1%
MANAGEMENT SAVINGS	978	863	703	676	394	689	75%
Financial balance	-66	-79	-93	-97	-99	-106	7%
Extraordinary balance	-46	-27	-38	2	-34	-3	-93%
Total actual operational revenue	7 816	7 895	7 897	8 107	7 914	8 264	4%
Total operational expenditure	6 950	7 138	7 325	7 527	7 653	7 683	0%
GROSS SAVINGS	866	757	573	581	261	581	123%
Loan reimbursements (with revolving credit)	184	200	200	197	200	200	0%
NET SAVINGS	682	557	373	384	61	381	527%
Actual investment revenue	495	577	671	686	621	538	-13%
CAPACITY TO FINANCE INVESTMENTS	1 360	1 334	1 243	1 266	882	1 118	27%
Actual investment expenditure	1 551	1 662	1 740	1 529	1 397	1 629	17%
Financing requirement	375	528	697	460	715	710	-1%
New loans	381	470	630	510	741	681	-8%
Working capital on 01/01	285	288	230	163	213	233	
Variation in working capital	6	-58	-67	50	20	-30	
Working capital on 31/12	291	230	163	213	233	202	
Outstanding debt on 01/01	2 696	2 892	3 219	3 655	4 120	4 640	
Outstanding debt on 31/12	2 893	3 219	3 655	4 120	4 640	5 159	
Variation in outstanding debt	197	327	436	466	520	518	
Capacity for financing	87,7%	80,3%	71,4%	82,8%	63,1%	68,7%	

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

	AA 2011	AA 2012	AA 2013	AA 2014	AA 2015	AA 2016
1. NET SAVINGS RATE						
Net savings / Actual operational revenue <i>measures the capacity of the commune to create a positive net saving.</i>	8,7%	7,1%	4,7%	4,7%	0,8%	4,6%
2. DEBT INDICATORS						
Outstanding debt in capital/Actual operational revenue	37,0%	40,8%	46,3%	50,8%	58,6%	62,4%
Outstanding debt in capital/Gross savings <i>number of years required for the reimbursement of the debt capital.</i>	3,3	4,3	6,4	6,3	15,8	8,9
Outstanding debt /Population (in euros)	1 295	1 426	1 611	1 811	2 040	2 288
3. INDICATOR OF RIGIDITY OF STRUCTURAL CHARGES						
Personnel costs/Actual operational revenue <i>measures the room for manoeuvre in terms of expenditure reduction</i>	26,3%	26,7%	26,7%	27,2%	28,1%	27,3%
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 <i>measures the tax room for manoeuvre. (possibility to increase rates and therefore the product)</i>	61,1%	53,6%	53,1%	53,3%	52,4%	53,8%
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 <i>Product of the direct contributions from 3 taxes (housing tax, developed land tax, undeveloped land tax)/ Tax potential of the 3 taxes (possibility to increase rates and therefore revenue)</i>	52,0%	45,2%	45,0%	44,9%	44,8%	44,8%

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

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.

