

**MUNICIPAL FINANCE SELF-  
ASSESSMENT  
COUNTRY REPORT  
UPP CITIES MACEDONIA**

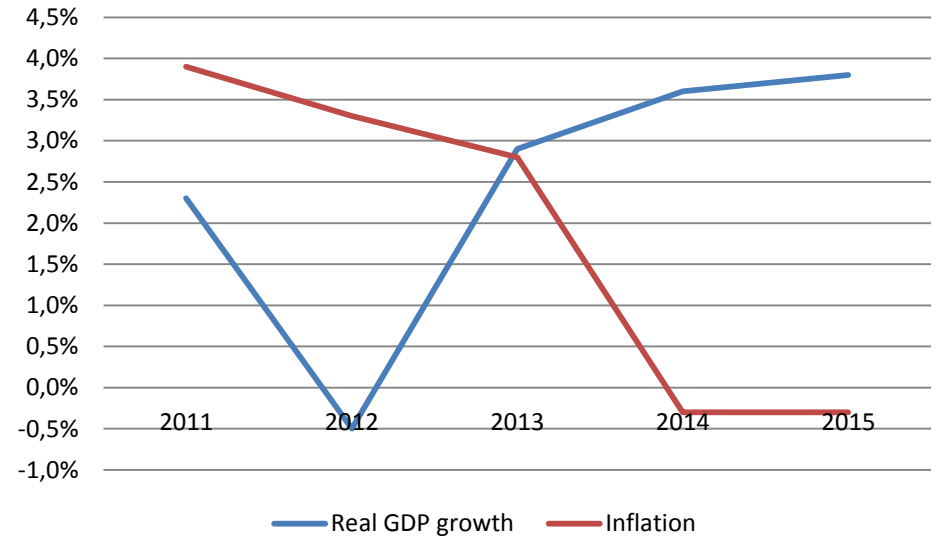
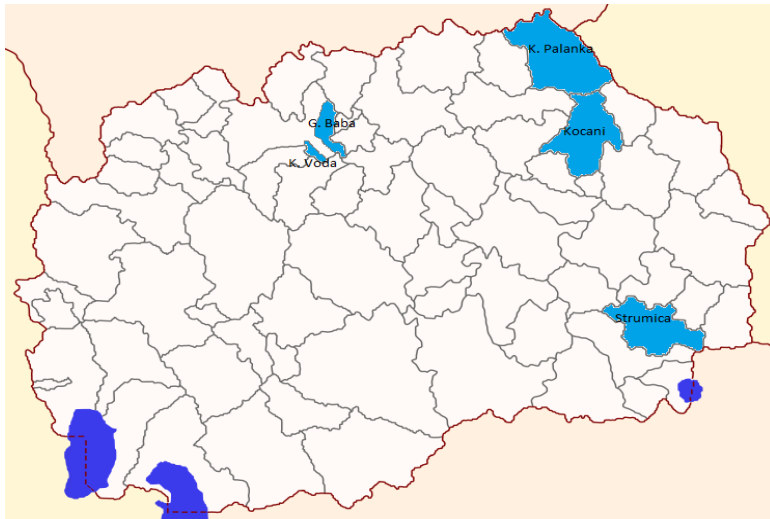
Marjan Nikolov

# Structure of presentation

- Introduction
- Summary of the profile of UPP cities
- Financial Snapshot
- Revenues
- Expenditures
- Ratio Analysis
- Action Plan

# Introduction

- Political situation
- Elections



# Summary

<b>Municipality</b>	<b>Population</b>	<b>Area</b>	<b>Total revenues in MKD per capita 2015</b>	<b>Total expenditures in MKD per capita 2015</b>
Kocani	38,092	382	12,595	12,528
Kriva Palanka	20,820	481	12,655	12,577
Strumica	54,676	322	17,114	17,104
Gazi Baba	72,617	92	8,971	8,547
Kisela Voda	57,236	47	11,317	11,077
MFSA municipalities	243,441	1,324	12,445	12,031
Macedonia	2,022,547	26,665	14,898	14,463
MFSA as % of Macedonia	12.04	4.97	84%	83%

# Financial snapshot

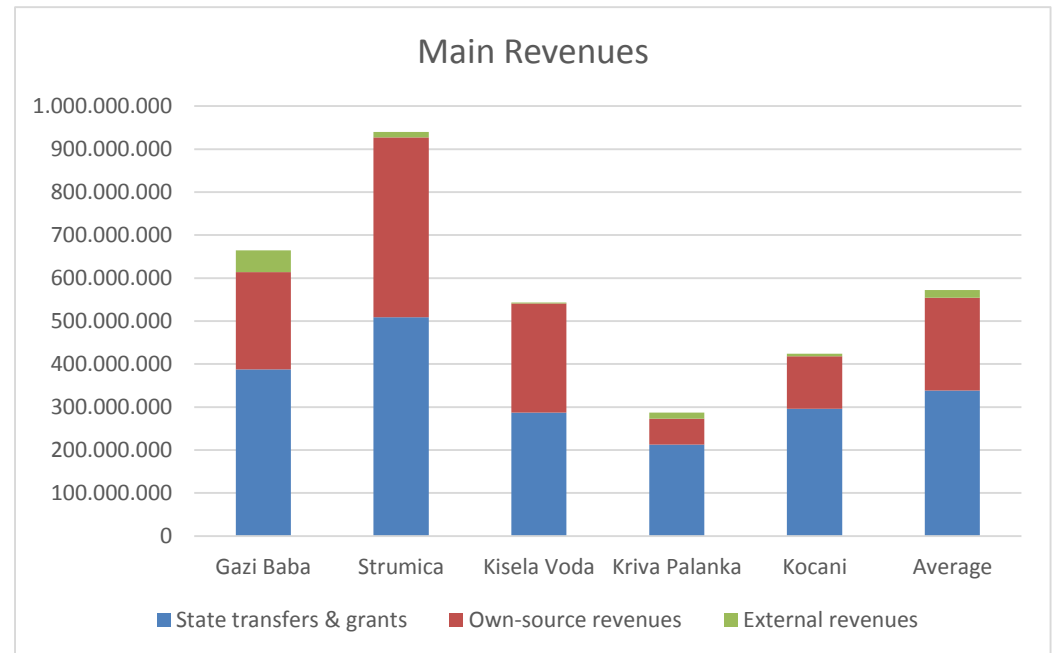
FINANCIAL SNAPSHOT 2015

Macedonia

	Items	Gazi Baba	Strumica	Kisela Voda	Kriva Palanka	Kocani	UPP Total	Average
1	Current revenue	546,138,641	726,641,976	472,740,962	252,483,139	379,156,790	2,377,161,508	475,432,301.60
2	Operating expenditure	497,191,227	683,348,466	445,567,570	210,024,114	353,303,112	2,189,434,489	437,886,897.80
3	Gross Operating balance	48,947,414	43,293,510	27,173,392	42,459,025	25,853,678	187,727,019	37,545,403.80
4	Debt service and borrowing c	47,417	-	10,466,434	2,500,000	4,166,745	17,180,596	3,436,119.20
5	NET CURRENT BALANCE	48,899,997	43,293,510	16,706,958	39,959,025	21,686,933	170,546,423	34,109,284.60
6	Capital Revenues	68,344,546	213,225,274	68,492,872	<b>20,065,486</b>	46,794,182	416,922,360	83,384,472.00
7	Own capital revenues	68,344,546	201,005,108	68,492,872	20,065,486	29,681,250	387,589,262	77,517,852.40
8	Investment grants and dona	-	12,220,166	-	-	17,112,932	29,333,098	5,866,619.60
9	Capital investment expenditu	161,983,092	233,326,652	87,355,072	53,652,733	58,396,743	594,714,292	118,942,858.40
10	BALANCE AFTER INVESTMENTS	(44,738,549)	23,192,132	(2,155,242)	6,371,778	10,084,372	(7,245,509)	(1,449,101.80)
11	Cash reserves from previous	4,967,601	9,887,428	16,858,390	5,065,040	7,324,941	44,103,400	8,820,680.00
12	Loan proceeds	50,065,908	-	2,155,242	-	-	52,221,150	10,444,230.00
13	OVERALL CLOSING BALANCE						-	-

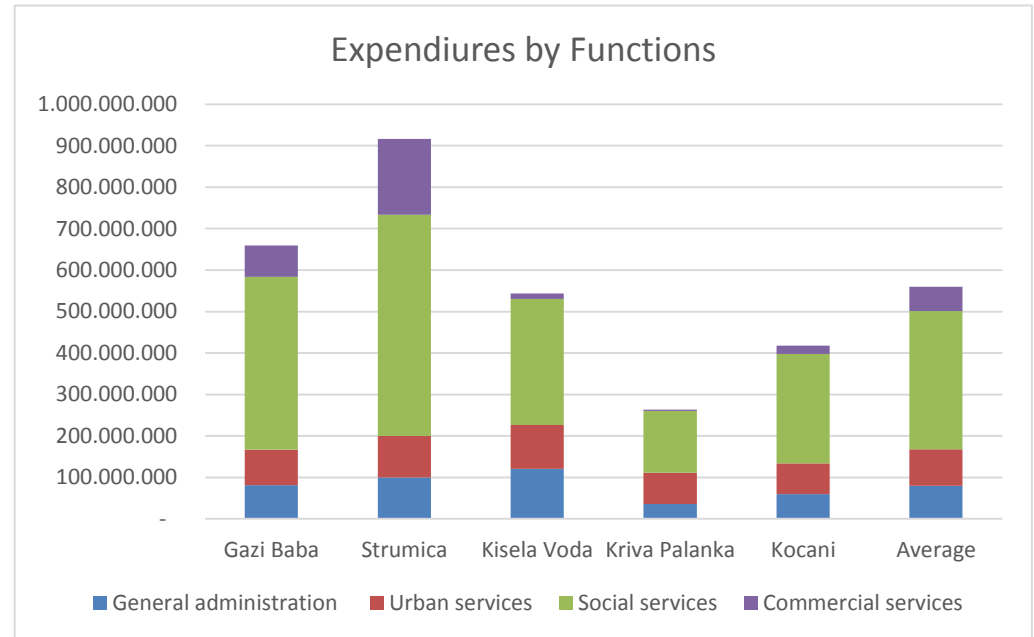
## Revenues

- Revenues from state transfers present the main source of finance, more than 50%.
- In Kriva Palanka and Kocani state transfers and grants represented more than 70%
- There is relatively low fiscal autonomy in these municipalities which is also true in general for the local government in Macedonia.



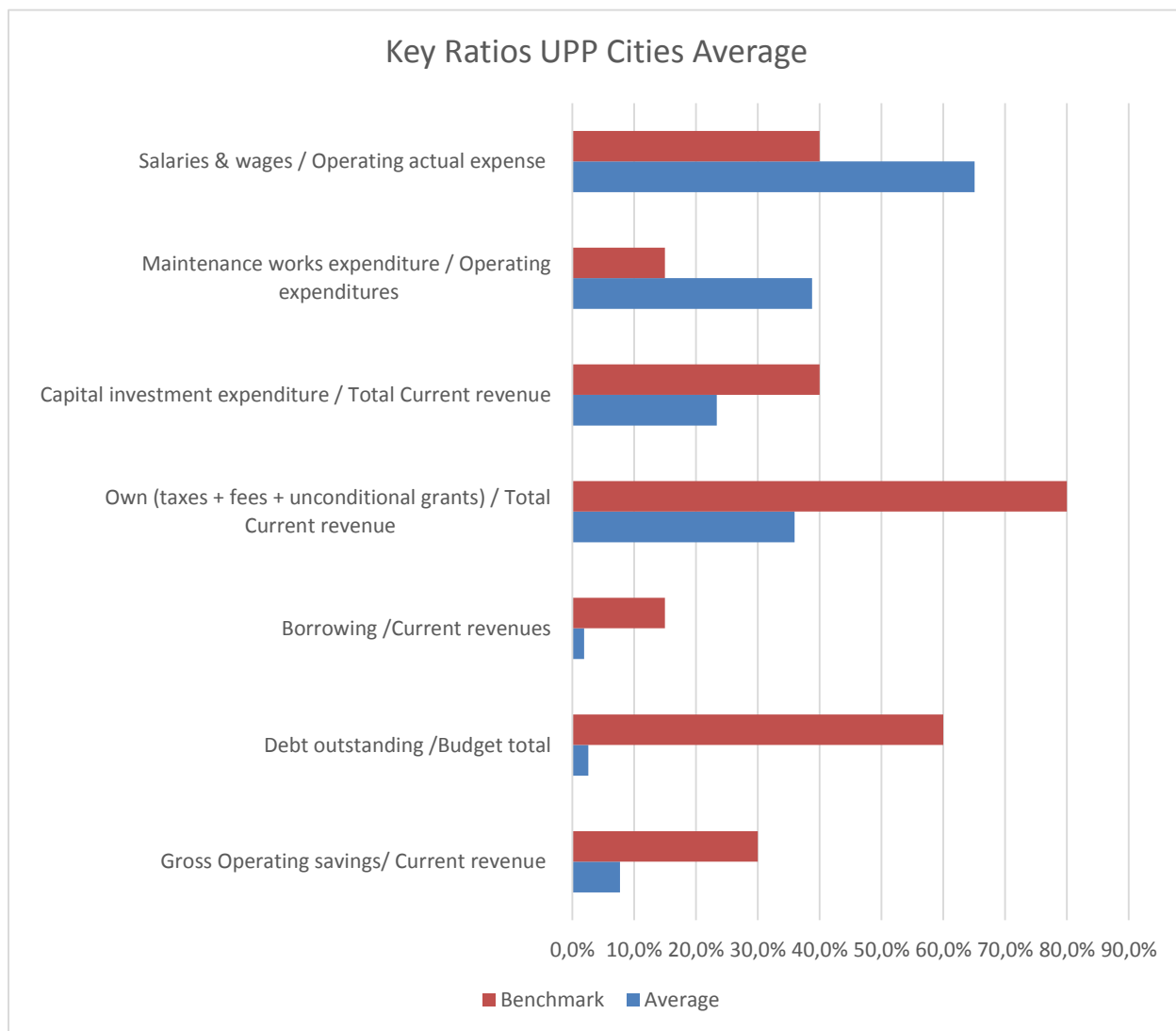
## Expenditures

- Expenditures dominated by social services and mainly for the education.
- The social services on average cover 60% of the total expenditures.
- The expenditures on education are 47% of the total expenditures of these MFSA municipalities.
- The urban services are 16% and
- Administration takes 14% of the expenditures.



## Ratio analysis

- Salaries and wages are some 65% and are higher than the benchmark of 40%.
- Note 38% of the total expenditures of local government in Macedonia for salaries in education.
- Capital expenditure 23% of the total expenditures.
- Low fiscal autonomy in 2014 and for these MFSA municipalities it is about 36% of own revenues over total current revenues.





## Action plan

- Time schedule runs 1-5 years
- Gazi Baba and Kisela Voda are considering the Urban planning documents
- Actions:
  - Capacity building of staff
  - Training of staff
  - Current expenditures reduction and better structure of the budget
  - Better taxpayer's database
  - Better financial analysis
  - Better forecasting
  - More efficient collection of own source revenues
  - Increasing capacity to borrow

## MFSA Macedonia Action Plan in denars/ 1 Euro=61.5 denars

	Total Increase creditworthiness	Total Service sustainability	Total Budget reality	Grand Total	% of the 2014 expenditures
<b>Gazi Baba</b>	<b>8,500,000</b>	<b>50,000,000</b>	<b>1,900,000</b>	<b>60,400,000</b>	<b>9.16</b>
<b>Strumica</b>	<b>750,000</b>	<b>40,000,000</b>	<b>900,000</b>	<b>41,650,000</b>	<b>6.59</b>
<b>Kriva Palanka</b>	<b>2,000,000</b>	<b>20,000,000</b>	<b>-</b>	<b>22,000,000</b>	<b>8.34</b>
<b>Kocani</b>	<b>900,000</b>	<b>15,000,000</b>	<b>-</b>	<b>15,900,000</b>	<b>3.80</b>
<b>Kisela Voda</b>	<b>2,500,000</b>	<b>50,000,000</b>	<b>1,000,000</b>	<b>53,500,000</b>	<b>9.85</b>
<b>Grand Total</b>	<b>14,650,000</b>	<b>175,000,000</b>	<b>3,800,000</b>	<b>193,450,000</b>	<b>6.91</b>

Thank you