

CITY OF RIJEKA

1		City profile						
1 Territorial organization								
Number of sub-municipalities		12						
Number of local boards		34						
Area of the municipality and agglomeration in square kilometre		44 km ²						
2 Demography								
Total resident population (2011 census)		128.735						
Annual population growth		-1,17%						
Rank in the country (in population)		3						
Vital index (live births per 100 deaths)		62,7						
Population density		2.923 inhabitants/km ²						
3 Economy								
GDP per head (country level) - in Euro		10.697						
Gross wages in 2010 (in euro)		10.270						
Net wages in 2010 (in euro)		7.037						
Unemployment rate (% active population) in 2012		16,1						
4 Utilities management								
Number of utility companies owned by the city : 5		Employees						
Autorelej - city transport		641						
Čistoća - Refuse collection and waste management		430						
Energo - Urban heating, gas supply, public lighting		147						
Kozala - city cemetery maintenance and building		119						
Rijeka Promet - maintenance of local roads, parking and public garage		118						
Total		1.455						
5 Municipal staff		No						
Total		439						
General administration		163						
Education		12						
Social services		13						
Technical service units		43						
Housing (utility system)		121						
Entrepreneurship		16						
Culture		28						
Sport and technical culture		9						
Environmental protection (including waste disposal)		34						
6 Capital investment plan (selected capital projects)								
Project name		Timeframe	Total costs (in 000 euro)					
Preparing location for the City investments		2012-2014	1.920.532					
Preparing location for the City investments – Transport infrastructure		2012-2015	3.691.365					
Property legal preparation for Housing incentives		2012-2016	2.138.527					
Access roads PC Policentro with infrastructure		2012-2017	2.101.996					
Tunnel connection to the road D-404		2012-2018	405.946					
Investments in roads - Rijeka Promet		2012-2019	4.677.573					
Municipal infrastructure and connections for housing construction on Drenova		2012-2020	1.339.475					
Central building The cemetery Drenova – loan repayment		2012-2021	1.720.113					
Construction of ŽCGO "MARIŠČINA"		2012-2022	2.144.086					
Arrangement of parks and other public areas		2012-2023	1.813.321					
Solar energy in the City		2012-2024	385.165					
IT Infrastructure		2012-2025	1.621.201					
2 Financial situation								
In 000 euro	2008	2009	2010	2011	P 2012	Average annual growth	% structure	
1 Total current revenue	98.777	92.873	91.928	82.965	87.975	-2,7	82%	Change: 1 EURO= 7,51734 HRK Inflation index 2008:6,1 2009:2,4 2010:1,1 2011:2,3 2012:3,4 Source: CSO and Ministry of finance
2 Balance N-1 (if surplus)	216	133	0	0	0		0%	
3 Current revenue year N	98.561	92.741	91.928	82.965	87.975	-2,6	82%	
4 Operating expenditure	91.251	90.606	93.321	80.027	81.199	-2,6	79%	
5 Operating margin	7.526	2.267	-1.393	2.938	6.776	-102,9	3%	



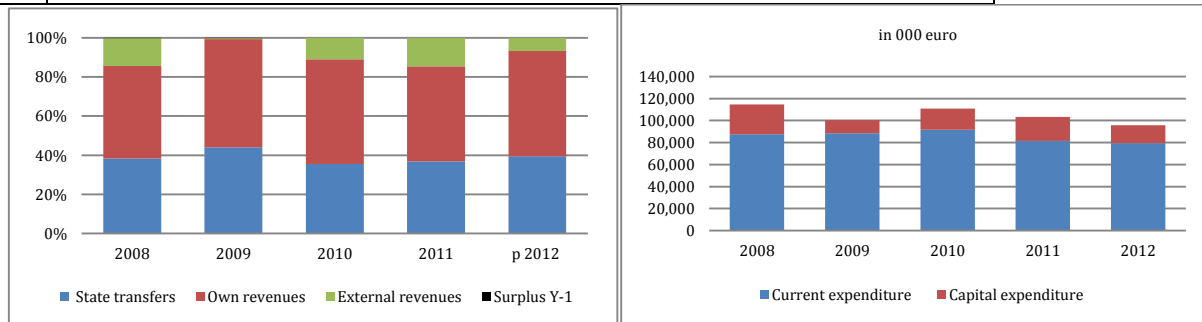
6 Debt repayment	4.296	3.532	4.845	8.051	11.590	32,4	6%
7 Net margin	3.229	-1.265	-6.239	-5.113	-4.813	57,5	-3%
8 Capital expenditures	28.014	11.957	19.625	22.000	17.731	-0,1	18%
Total expenditure	126.791	104.830	111.553	104.965	105.707		100%
9 Financing requirements	24.785	13.222	25.863	27.113	22.545	9,2	
10- Own capital revenues	5.429	4.303	5.833	4.533	12.267	40,8	
11 - Investment grants	2.452	2.286	1.287	1.017	5.109	82,7	
12- Loans	17.038	0	12.199	14.981	5.169	-35,7	
12.1 - Surplus/deficit in current (N) year	-135	6.633	6.544	6.583	0		
13 Investment balance	0	0	0	0	0		
14 Overall closing balance	4.296	3.532	4.845	8.051	11.590	32,4	

3 Historical analysis

In 000 euro	2008	2009	2010	2011	p 2012	% structure av. 2008-2012	
CURRENT REVENUE	98.730	92.793	91.832	82.865	87.933	83%	
1 State Transfers	45.538	41.909	38.142	37.140	40.669	37%	
- Shared taxes	43.312	39.712	35.545	34.843	38.694	35%	
- Conditional operating transfers	2.226	2.197	2.597	2.297	1.975	2%	
2 Own revenue	52.977	50.751	53.690	45.724	47.264	46%	Shared (income) taxes and own revenues represents dominant source of funding.
- Local taxes & levies	5.561	5.189	4.828	7.550	8.541	6%	
- Local fees	25.739	19.318	20.652	20.889	19.800	19%	
- Local asset revenues	21.677	26.244	28.211	17.285	18.923	20%	Shared taxes are classified as a state transfers.
3 Other revenue	216	133	0	0	0	0%	
NON-CURRENT REVENUE	24.966	6.669	19.415	20.631	22.587	17%	State conditional operating transfers account only 2% of total budget revenue
1 State Transfers and grants	1.844	1.854	1.270	944	2.900	2%	
- Conditional operating transfers	1.844	1.854	1.270	944	2.900		
2 Own revenue	5.429	4.303	5.833	4.533	12.267	6%	
- Asset sales	5.429	4.303	5.833	4.533	12.267		
3 External revenue	17.693	512	12.312	15.155	7.420	10%	
- Loans proceeds	9.615	0	12.199	14.981	5.169	8%	
- Municipal bonds	7.423	0	0	0	0	0%	
- Donation	655	512	112	174	2.252	1%	
TOTAL REVENUE	123.696	99.462	111.247	103.496	110.520	100,0	
1 State transfers	47.382	43.763	39.413	38.084	43.569	38,8	
2 Own revenues	58.405	55.055	59.523	50.257	59.531	51,7	
3 External revenues	17.693	512	12.312	15.155	7.420	9,4	
4 Surplus Y-1	216	133	0	0	0	0,1	

	2008	2009	2010	2011	p 2012	% structure av. 2008-2012	
CURRENT EXPENDITURE	92.789	91.979	95.722	83.069	84.449	100%	
Payroll (including employees benefits & misc.)	27.882	28.501	26.715	25.813	25.691	30%	
- Wages	21.791	22.784	21.476	20.926	20.700	24%	
- Other expenses for employees	2.062	1.523	1.264	973	1.093	2%	
- social contributions	4.028	4.194	3.974	3.913	3.898	4%	Capital expenditure 20% of total expenditure .
Compensation of employees and people outside the employment relationship	1.055	929	883	858	837	1%	
Expenditures for materials and energy	3.381	3.568	3.408	3.100	3.186	4%	Current expenditure decreased.
- Office supplies and other material expenses	640	597	637	488	441	1%	
- Energy (Fuel and gas)	2.284	2.364	2.449	2.295	2.465	3%	
- Other expenses for materials	457	607	322	317	280	0%	
Expenditures for Services	25.132	25.973	23.716	23.705	22.873	27%	
- Telephone, mail and transportation	961	889	794	838	759	1%	
- Current and capital maintenance	11.918	12.052	9.900	8.723	8.732	11%	
- Utility services	3.943	3.623	3.609	4.404	4.438	4%	
- Rents and lease	1.430	1.649	2.269	2.384	2.222	2%	
- Other expenses for services	6.880	7.759	7.144	7.356	6.721	8%	
Other unspecified operating expenses	2.618	2.577	8.862	1.648	1.548	4%	

Interest rates for securities and loans received	1.538	1.373	2.401	3.041	3.250	3%
Banking services and other unspecified financial expenses	360	371	1.897	2.429	2.205	2%
Subsidies	4.958	4.494	3.970	3.836	3.871	5%
Compensations to citizens and households	4.264	4.771	5.241	5.230	4.480	5%
Grants and donations	19.732	17.949	17.355	12.514	16.013	19%
loans given expenditure	1.705	948	944	870	122	1%
expenditure for shares and equities	164	527	331	24	374	0%



4	Ratio analysis		Indicator	Objective	benchmark	2008	2009	2010	2011
			Credit worthiness						
			Operating Savings before interests ¹ / Current actual revenue	The LG has the capacity to borrow and to invest	> 0,3	7,6	2,4	-	3,5
			Net Operating Surplus ¹ (after debt service including capital repayment) / Current actual revenue	The LG has the capacity to borrow more	> 0,2	3,3	-	-	-
			Cash (end of the year) / current liabilities (divided by 365 days) ²	The LG ability to meet its short-term obligations	90 day	789	172	55	16
			Indebtedness						
			Debt outstanding / operating surplus ¹ (capacity to clear its debt)	The LG capacity to clear its debt with operating surplus	< 10 year	4,1	16,5	-	23,4
			Debt service / Total current revenue	The annual debt burden is correct regarding current revenue	< 10 %	4,3	3,8	5,3	9,7
			Fiscal autonomy						
			Own tax receipts ³ + unconditional grants / Current actual revenue	The LG has the ability to increase its revenue	> 80 %	5,6	5,6	5,3	9,1
			Tax pressure (Tax receipts/Tax potential) ⁴		< 70 %	99%	99%	99%	99%
			Capital investment effort						
			Capital investment expenditure / Current actual revenue	The LG favours development expenses	> 40 %	37,1	21,8	30,8	33,4
			Capital investment expenditure delegated by State / Total investment expenditure	The LG functions are still weak	> 50 %	6,7	11,3	4,5	3,7
			Level of service						
			Maintenance works expenditure / Operating expenditures	The LG has important non-current assets to maintain and make it a priority	> 30 %	12,8	13,1	10,3	10,5
			Other						
			Total number of municipal employees / population	The LG has limited room for financing maintenance & capital investment	> 25 employees for 1000 inhabitants	3,3	3,3	3,4	3,4
			Salaries & wages ⁵ / Operating actual expense		> 40 %	10,0	10,5	9,8	10,4
			Actual revenue / Estimated revenue	The LG has a good visibility and Budget is reliable	> 95 %	84,0	82,4	85,3	82,3
			Arrears amount / net cash (end of the year)	The LG accumulate short term debt and reduces its credibility towards contractors	> 1	0,46	2,12	6,6	22,62
5	Financial projections/Investment programing		Need to consolidate urban development vision and municipal finance system. Main assumption for projections are the historical analysis and the assumption behind the budget circular from the central government budget						
6	Finance Improvement Action Plan		Improve financial situation of the municipality						
			The competence of the central government						
			Increase fiscal autonomy change conditional user fees with unconditional revenue, introduction of property tax instead of utility charges (contributions) Give more flexibility on the local tax policy, increase the local government share in income tax.						
			Increase LGU borrowing flexibility, increase in borrowing rates for all local government units from the current 2.5% of operating revenues.						
			Operations that are planned and implemented at local level						
			Increase fiscal autonomy and local tax collection, Reconsider the rate of taxes and fees, analysis of existing rates of tax and non-tax revenue						
			Fostering Entrepreneurship Project subsidies (implementation of aid scheme to entrepreneurs), Issuance of permits for construction (organizational and technical improvements).						
			Improve financial management of the municipality						
			Credibility of the budget- Improve forecast reliability, greater caution in planning						
			Policy-based budgeting - Improve cost analysis of main expenditure increased monitoring and analysis						
			Improve Budget execution - Introduce city treasury, drafting terms of reference for IT support, making maps of business processes, Office for financial management and control						