

## OPTIONS FOR THE ASSESSMENT OF EFFECTIVE DEVELOPMENT OF MUNICIPAL ENTERPRISES

The autonomy of local self-government is impossible without the financial-economic fundamentals, including the municipal property. To successfully perform its functions state-wide, it needs a viable government (3, p. 311). Largely people appreciate the government's policy through the prism of the fulfilment of their needs and interests. The municipal property services their implementation at a regional and local level and, therefore, it should also be used to the balance economic efficiency and social responsibility of the municipality. This paper aims to appraise possible methodology for assessing the effectiveness of the municipal enterprises on the basis of empirical .

### Management of the Municipal Property

Municipal property is a form of public ownership. It serves as a guarantor of the social interests of the population of the municipality, allows the assurance of identified needs and raises the standard of living of this population providing government revenues and growth of the economic potential of the region. Characteristics of the municipal property are as follows: Close connection with the interests of the local population; Specific economic relations between people and power; Variety of public property; Tool for social protection and assistance to the population of the specific municipality

Municipal Property Act (4) regulates the various activities carried out by the municipal property. However, that law makes it possible to distinguish two types of municipal property - public and private property.

Business of the municipality made by (2, s.204): Participation in companies; Municipal enterprises .

*Management of municipal property is defined as a set of relationships between different entities (personnel managers) concerning the organization and use of objects municipal property by means of organizational and economic mechanisms and methods to the satisfaction of basic social and economic interests of society and the municipality (1, s.56).*

To successfully perform their functions, municipal property should be managed on the principles of effective management. Common system of management of municipal property can be represented in the following form: *Information security management of municipal property; Property management on a portfolio basis; Organizational events; Audit of management of municipal property*

Methodology to assess the effectiveness of the operations of state-owned property

Generally accepted standards, interpretations, concepts for determining the "good governance" in the scientific literature and practice at present still missing. All opinions are united around performance criteria assessed on the basis of comparison of results with resources spent on its production. On this basis in the effective management of municipal property means a specified level of quality and use, operation provided a stable securing of the priority objectives of the local government, ie the use of municipal property must ensure the required level of public services offered, planned construction of infrastructure and achieving the objectives set by the local authority. Quite often such efficiency is identified with the concept of technical efficiency expressing the degree of objectives and tasks (4, p.25-33).

This methodology was determined: list of criteria for the assessment of effective management of municipal property (the share capital of the company); order of acceptance of the results of the assessment of the social, economic and budgetary aspects of the enterprise with municipal participation. Economic efficiency is defined as the ratio between the resulting effect (result) and the costs of different types (material, labour, financial) to achieve it. Is specifically quantified system of interrelated indicators. The methodology uses the following indicators: the presence / absence of arrears to wages and social security, tax obligations, debtors and lender's debt, increase / decrease in the financial result, increase / decrease in labour productivity, payments of a social nature. The evaluation is carried out by their rank system. In the presence / absence of arrears put 0/5 points to an increase / decrease in the financial result given 5/0 points in the payments of a social nature that exceed / exceed the amount of the net profit is placed 0/5 points when labour productivity is higher / lower than the previous year give 5/0 points. Social welfare efficiency features, the standard of living of the communities of the population. In various publications may be encountered such as "formation and satisfaction of spiritual needs of the population", "harmonious development of personality", "welfare of the community or communities". Viewing at national level - represented by pursued by the government social policy at regional level - policies of the municipality and province in terms of improving living conditions, the welfare of the population of the region. Level of enterprise social performance is assessed by public utility, relevance of its activities, its products, goods, services, the risk of rising prices of individual socially important products and others. or what are the social consequences of the enterprise population. We assume that the activities of all municipal enterprise is important and therefore their place maximum 5 points.

In public utility of the business of mind as you create new jobs, offer any new products, services, diminishing the cost of products running budget and other programs. Social utility is assessed by rate system in the following order: 5 points are placed in situations that now create new jobs, expanding the range of products offered and the implementation of 100% of the budget program, 3 points are given in cases where the undertaking accomplishes the budget program from 70-99%. 0 points placed when an entity reduces staff, reduces the range of our products / services and executes its program budget to 50%. Budget efficiency evaluates how the results of the entity affects the state budget revenues. It was also recognized by the grade. Where dividends are distributed to the municipality put 5 points and 0 points in the cases that are not distributed dividends in favour of the municipality. Summative evaluation of the effective use of municipal property (including social, economic and budgetary efficiency) is formed by the sum of scores for all indicators. The maximum score for the effective use of municipal property is 55. The evaluation results are analyzed by the "Management of municipal property" to the municipality. Use of property is recognized as effective in the event that the sum of the grade on all indicators is over 33. The property is not used effectively provided that the sum of the grade is below 33. Based on analysis of the results should decide

on:reorganization or liquidation of the company; reengineering activities; sale of shares belonging to the municipality; preparation for privatization; creation of public-private partnerships.

In Bulgaria there are 414 municipal companies of different sectors of the economy. They employ more than 38 thousand. People and earn revenue in 5244 amounted to 1 936 thousand. Lev, which is 11.218 million. Lev the previous year. The methodology is based on benchmarking appropriate. The study of the activities of companies included in the ranking top 10 revenue-en analyzed operators provide approximately 64% of the revenues of all 414 enterprises and 974 794 million. On the basis of the assessment of the performance of the municipal enterprises shall be established:First. Social efficiency of municipal enterprises range from 13-20 points at maximum 20. Six of them gaining full asset of sharpening (20 pts.), Ie for the analyzed period they increased their staff have met the budget program has preserved the range of our products / services. The lowest social efficiency of electrical Metropolitan EAD Sofia and Varna EAD City transport (13 points). For them there is a decrease staff by 38 people and 1, the implementation of the program budget is 90% and 94% over the previous year. Second. Economic efficiency of enterprises surveyed ranged from 5 to 25 points. The highest result of this criteria have four companies 25 points, Centre for Urban Mobility Complex Oncology Centre - Plovdiv, Burgasbus Ltd. and Hospital of oncology diseases. They are no arrears to employees, there is a positive financial result, the amount of payments of a social nature are insignificant, labor productivity is higher compared to the previous year, but all of them are observed overdue receivables / payables to contractors and therefore not to collect maximum points.The lowest score of Sofia Public Electrical, collecting 5 points. In it there is a significant deterioration in the financial result (profit from the previous year to a loss of EUR 9,386 million. Lev), presence of arrears. Third. Budget efficiency of municipal enterprises range from 0-5 points. Eight of the analyzed companies have paid income tax, even those where the financial result is a loss. In most principal economic agents (municipal council) with its decisions is sanctioned not to distribute dividend and the amount remains available in the companies to repay debt. In this their action makes sense, because otherwise the municipal council should seek opportunities to finance their activities. Fourth. Summary assessment of the activity of the municipal enterprises range from 18-50 points. Seven of the subjects tested results is over 33 points (Complex Oncology Centre - 50 Clinic of Oncology -50, DHC Sofia Jsc. - Sofia -45, Centre for Urban Mobility EAD -45, Burgasbus Ltd. - c. Burgas - 45 , Metropolitan PLC - 40 AUTOTRANSPORT EAD - 35), ie a proposed methodology so their activity has been effective over the period analyzed. For the remaining three companies total score under 33 points, i.e., their work has not been effective. Is particularly low in Electrical Capital PLC (18), points his mainly derived from their social efficiency.

A significant part of the municipal companies work inefficiently due to poor management, inadequate decision-making, misuse of public property, delay of payments by the principal, even there are cases of doubts about the reliability of their constituent financial statements. To improve their management it is imperative for a faster adoption of the law on public enterprises in order to put a new, scientific basis their management, to improve the efficiency of their operations, resulting in ensuring an efficient use of public resources.

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