

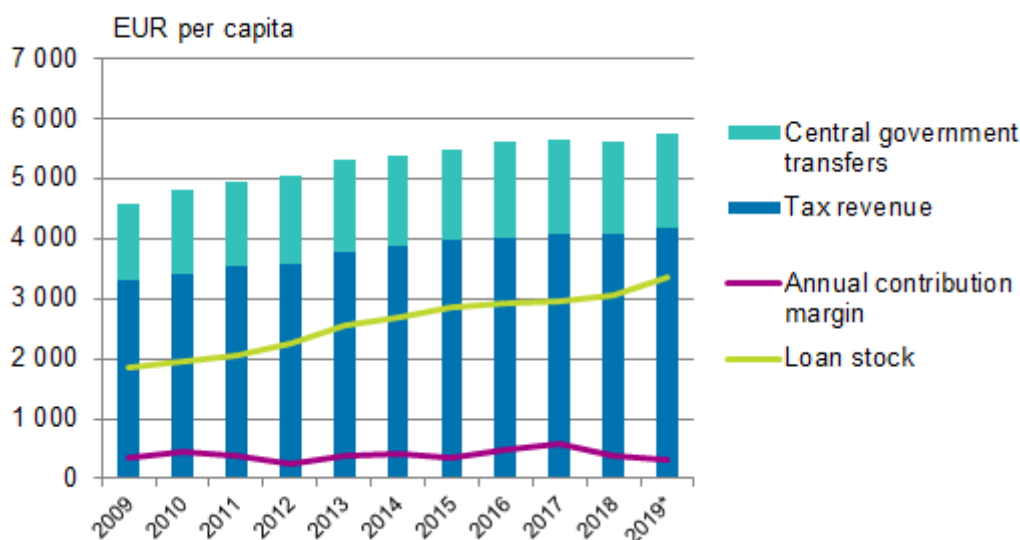
Quarterly local government finances

2019, 4th quarter

Finances of municipalities in Mainland Finland continued to weaken in 2019

According to the financial statement estimates received from municipalities in Mainland Finland, the combined operating margin of municipalities weakened by EUR 1.2 billion in 2019 compared with the financial statements of the previous year. However, as a result of growth in central government transfers to local government, tax revenue and financial income, the annual contribution margin weakened less in euros than the operating margin. These data appear from Statistics Finland's statistics on quarterly local government finances, for which financial statement estimate data concerning 2019 were collected from all 295 municipalities and 133 joint municipal authorities in Mainland Finland.

Central government transfers, tax revenue, annual contribution margin and loan stock per capita of municipalities in Mainland Finland in 2009 to 2019*



The population figures on 31 December for each year has been used as the population data for 2009 to 2018. The population figure on 31 December 2018 has been used in the estimate data for 2019.

*Financial statement estimates

Finances of municipalities and joint municipal authorities

According to the financial statement estimates concerning 2019, the external operating expenses of municipalities in Mainland Finland grew from the previous financial statements by 2.4 per cent to EUR 37.8 billion. In turn, operating revenue declined by 4.1 per cent to EUR 7.2 billion. Certain recording procedures used in the comparison year increased the operating revenue and expenses in the comparison year. The discontinuation of these procedures reduced operating revenue and expenses in 2019 compared with the previous year.¹⁾ The operating margin weakened by EUR 1.2 billion and was EUR -30.3 billion.

The municipalities in Mainland Finland received EUR 22.9 billion in tax revenue, which represented a growth of 2.6 per cent compared with the previous year. Central government transfers to local government grew by 2.1 per cent to EUR 8.6 billion. Tax funding formed of tax revenue and central government transfers to local government was EUR 5,748 per capita, on average.²⁾ The combined annual contribution margin of municipalities was EUR 1.8 billion, and it decreased by EUR 0.3 billion from the year before. A total of 56 municipalities had a negative annual contribution margin, while their number was 44 in the previous year.

Based on municipalities' own estimates, the loan stock stood at EUR 18.4 billion at the end of 2019. This meant a growth of 10.2 per cent compared with the financial statements of the previous year. The loan stock per capita was EUR 3,360.³⁾ In the financial statement estimates, investment expenses amounted to EUR 3.9 billion, which was 7.7 per cent more than the realised investment expenses in the year before.

The financial statement estimates of joint municipal authorities in Mainland Finland indicate that external operating expenses grew by 7.4 per cent and operating revenue by 6.5 per cent in 2019 in comparison with the final financial statements of the previous year. The operating expenses of joint municipal authorities were estimated to total EUR 15.8 billion and operating revenue EUR 16.4 billion. The annual contribution margin fell from EUR 0.6 billion to EUR 0.5 billion.

According to the financial statement estimates, the loan stock of joint municipal authorities was 17.7 per cent bigger than in the previous year's financial statements, EUR 4.6 billion in total. Investment expenses increased by 12.1 per cent to EUR 1.3 billion.

Information on the statistics

The statistics on quarterly local government finances are in the first to third quarters a sample survey that describes the development of the finances of municipalities and joint municipal authorities in Mainland Finland by quarter. For the statistical release on the fourth quarter, data are collected from all municipalities and joint municipal authorities in Mainland Finland. The data in the statistics on quarterly local government finances are preliminary and they might become revised in coming publications.

No data are released by municipality or joint municipal authority for the 1st, 2nd and 3rd quarters that are based on a sample survey. The financial statement estimate data received from municipalities and joint

1) A number of municipalities transferred in 2018 the responsibility for the organisation of healthcare and social welfare services to the joint municipal authority they had set up, but municipalities were still responsible for producing the services. Municipalities recorded sales revenue and purchases of services from joint municipal authorities on a gross basis. This recording procedure increased municipalities' external operating revenue and expenses, but it did not have a net effect on the operating margin. In 2019, the services were transferred to be produced by the joint municipal authority, which decreased municipalities' operating revenue and expenses compared with the previous year. According to the estimate, without the exceptional arrangement in the comparison year, operating revenue would not have decreased that much and operating expenses would have grown more than in 2019.

2) The population data used were the population of Mainland Finland on 31 December 2018.

3) The population data used were the population of Mainland Finland on 31 December 2018.

municipal authorities in the data collection concerning the fourth quarter will be released at unit level starting from data concerning 2017 on Statistics Finland's website in the database [Data on finances reported by municipalities and joint municipal authorities](#).

The data published in the statistics on quarterly local government finances are not directly comparable with the data of the statistics on local government finances by quarter because of the different way of handling local government enterprises. In the statistics on quarterly local government finances, local government enterprises are combined with the data on basic municipalities and joint municipal authorities, while this was not done in the statistics on local government finances by quarter published between 2013 and 2015.

Contents

Tables

Appendix tables

Appendix table 1. External quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (internal items eliminated), EUR million.....5

Revision of data.....6

Appendix tables

Appendix table 1. External quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (internal items eliminated), EUR million¹⁾

| | Municipalities | | Joint municipal authorities | |
|--|----------------|-----------|-----------------------------|-----------|
| | 2019 | Change, % | 2019 | Change, % |
| Operating revenue total | 7 194 | -4,1 | 16 410 | 6,5 |
| Operating expenses total | 37 814 | 2,4 | 15 836 | 7,4 |
| Operating margin (+/-) | -30 294 | 4,1 | 583 | -13,3 |
| Tax revenue | 22 913 | 2,6 | | |
| Central government transfers to local government | 8 636 | 2,1 | | |
| Financing income | 768 | 20,3 | 27 | -0,7 |
| Financing expenses | 224 | -9,5 | 108 | -0,9 |
| Annual contributing margin (+/-) | 1 797 | -13,0 | 502 | -15,0 |
| Depreciations and reductions in value | 2 252 | 2,7 | 604 | -1,8 |
| Extraordinary items (+/-) | 347 | 1644,7 | 6 | -88,2 |
| Financial result for the accounting period (+/-) | -109 | 1,2 | -96 | -454,1 |
| Investment expenses total | 3 929 | 7,7 | 1 323 | 12,1 |
| Loan stock, at the end of the quarter | 18 440 | 10,2 | 4 564 | 17,7 |

1) Local government enterprises were combined to the data and internal items were eliminated. The data concerning 2019 are financial statement estimates. Changes are calculated compared to the final financial statement data of the previous year.

Revision of data

Change from first release¹⁾

| | | | | 1st release, EUR million | Latest release, EUR million | Revision of data, EUR million | Revision of data, % |
|-----------------------------|---------------------------------------|------|---------|--------------------------|-----------------------------|-------------------------------|---------------------|
| Area | Item | Year | Quarter | | | | |
| Municipalities | Operating revenue total | 2018 | 4 | 7 484 | 7 498 | 14 | 0,2 |
| | | | 2019 | 1 | 1 602 | 1 611 | 10 |
| | | 2 | | 3 410 | 3 388 | -23 | -0,7 |
| | | 3 | | 5 045 | 5 075 | 30 | 0,6 |
| | Operating expenses total | 2018 | 4 | 36 865 | 36 875 | 10 | 0,0 |
| | | | 2019 | 1 | 9 304 | 9 311 | 7 |
| | | 2 | | 19 149 | 19 111 | -38 | -0,2 |
| | | 3 | | 28 395 | 28 431 | 36 | 0,1 |
| | Loan stock, at the end of the quarter | 2018 | 4 | 16 731 | 16 727 | -4 | 0,0 |
| | | | 2019 | 1 | 17 633 | 17 659 | 26 |
| | | 2 | | 18 026 | 18 032 | 7 | 0,0 |
| | | 3 | | 18 739 | 18 748 | 9 | 0,0 |
| Joint municipal authorities | Operating revenue total | 2018 | 4 | 15 361 | 15 376 | 15 | 0,1 |
| | | | 2019 | 1 | 4 135 | 4 090 | -45 |
| | | 2 | | 8 229 | 8 226 | -4 | 0,0 |
| | | 3 | | 12 269 | 12 264 | -5 | 0,0 |
| | Operating expenses total | 2018 | 4 | 14 716 | 14 721 | 5 | 0,0 |
| | | | 2019 | 1 | 3 759 | 3 755 | -4 |
| | | 2 | | 7 866 | 7 860 | -6 | -0,1 |
| | | 3 | | 11 771 | 11 763 | -8 | -0,1 |
| | Loan stock, at the end of the quarter | 2018 | 4 | 3 856 | 3 856 | 0 | 0,0 |
| | | | 2019 | 1 | 3 934 | 3 934 | 0 |
| | | 2 | | 4 225 | 4 225 | 0 | 0,0 |
| | | 3 | | 4 299 | 4 299 | 0 | 0,0 |

1) Local government enterprises were combined to the data and internal items were eliminated.

Inquiries

Jens Melfsen 029 551 2578
Karen Asplund 029 551 3611
Director in charge:
Ville Vertanen

kuntatalous@stat.fi
www.stat.fi

Source: Quarterly local government finances, 4th quarter 2019, Statistics Finland