

# Quarterly local government finances

2018, 2nd quarter

## Operating expenses of municipalities in Mainland Finland grew by 2.2 per cent in January to June 2018

In January to June 2018, the external operating expenses of municipalities in Mainland Finland were 2.2 per cent higher than in the corresponding period of the previous year. External operating revenue declined by 1.2 per cent. Municipalities' tax revenue totalled EUR 11.6 billion and central government transfers to local government EUR 4.4 billion. The external operating expenses of joint municipal authorities grew by 6.2 per cent and operating revenue by 4.3 per cent. These data appear from Statistics Finland's statistics on quarterly local government finances, for which data were collected from 80 municipalities and 70 joint municipal authorities in Mainland Finland.

### External quarterly data on the finances of municipalities and joint municipal authorities, EUR million<sup>1)</sup>

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating revenue total	3 366	-1,2	7 489	4,3
Operating expenses total	18 176	2,2	7 084	6,2
Annual contribution margin	1 624	-10,4	374	-21,6
Loan stock	15 899	2,0	3 681	15,1

1) Operating expenses include expenses from production for own use. The change is calculated compared with the corresponding period in the previous year.

### Finances of municipalities and joint municipal authorities

The operating expenses of municipalities in Mainland Finland without internal items amounted to EUR 18.2 billion in the first half of 2018. The growth amounted to 2.2 per cent compared with January to June of the previous year. External operating income amounted to EUR 3.4 billion. Operating income decreased by 1.2 per cent.

Municipalities received a total of EUR 11.6 billion in tax revenue and EUR 4.4 billion in central government transfers to local government in January to June 2018. Tax revenue increased by 2.5 per cent from the corresponding period of the year before, while central government transfers decreased by 0.6 per cent. Tax funding formed of these items was EUR 2,926 per capita in Mainland Finland.<sup>1)</sup> The combined annual

1) The population data used were the population of Mainland Finland on 31 December 2017.

contribution margin of municipalities was EUR 1.6 billion. The annual contribution margin weakened by 10.4 per cent year-on-year.

During the second quarter, the loan stock of municipalities in Mainland Finland grew by 0.3 per cent amounting to EUR 15.9 billion at the end of June. Calculated per inhabitant, the loan stock was EUR 2,899.<sup>2)</sup> Investment expenses were 11.4 per cent higher than in January to June of the previous year, amounting to EUR 1.2 billion.

The external operating expenses of joint municipal authorities in Mainland Finland totalled EUR 7.1 billion in January to June 2018. The growth from the corresponding period in the previous year amounted to 6.2 per cent. External operating revenue amounted to EUR 7.5 billion, and increased by 4.3 per cent. The annual contribution margin of joint municipal authorities weakened by 21.6 per cent from the year before and was EUR 0.4 billion.

In the first half of 2018, joint municipal authorities' investment expenses totalled EUR 0.5 billion. They grew by 19.5 per cent from the corresponding period in the previous year. The loan stock grew by 6.3 per cent from the end of the first quarter of 2018 and stood at EUR 3.7 billion at the end of June.

## 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 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.

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2) The population data used were the population of Mainland Finland on 31 December 2017.

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## 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<sup>1)</sup>**

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Operating margin (+/-)	-14 705	3,1	407	-20,7
Tax revenue	11 633	2,5		
Central government transfers to local government	4 415	-0,6		
Financing income	378	-3,0	18	18,7
Financing expenses	96	-1,9	51	0,0
Annual contributing margin (+/-)	1 624	-10,4	374	-21,6
Depreciations and reductions in value	1 020	4,1	293	-1,4
Extraordinary items (+/-)	21	-69,4	0	-100,6
Financial result for the accounting period (+/-)	625	-30,7	81	-56,1
Investment expenses total	1 243	11,4	473	19,5
Loan stock, at the end of the quarter	15 899	2,0	3 681	15,1

1) Local government enterprises were combined to the data and internal items were eliminated. Changes are calculated compared to the previous year.

**Appendix table 2. Quarterly data on the finances of municipalities and joint municipal authorities in Mainland Finland (incl. internal items), EUR million<sup>1)</sup>**

	2nd quarter			
	Municipalities		Joint municipal authorities	
	2018	Change, %	2018	Change, %
Income statement:				
Operating revenue total	5 568	0,2	8 209	4,1
Sales revenue	2 336	-0,8	7 494	3,9
Fees and charges	761	-8,7	326	3,7
Subsidies and grants received	204	-8,9	96	18,3
Other operating revenue	2 267	5,6	293	6,5
Change in inventories of finished goods and of work in progress (+/-)	0		-1	-765,4
Production for own use	105	-11,4	3	32,5
Operating expenses total	20 378	2,2	7 804	5,8
Personnel expenses	6 521	-1,8	3 467	4,1
Purchases of customer services	6 646	5,2	945	8,0
Purchases of other services	3 351	3,6	1 719	6,4
Materials, supplies and goods	957	0,4	1 036	5,8
Allowances and grants	1 029	0,1	110	11,9
Other operating expenses	1 874	6,1	528	10,6
= Operating margin (+/-)	-14 705	3,1	407	-20,7

1) Data include local government enterprises and internal items between different functions of the municipality/joint municipal authority. Operating expenses include expenses from production for own use. Changes are calculated compared to the previous year.

# Revision of data

## Change from first release<sup>1)</sup>

Area	Item	Year	Quarter	1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Municipalities	Operating revenue total	2017	2	3 506	3 406	-99	-2,8
			3	5 172	5 072	-99	-1,9
			4	7 180	7 179	-1	0,0
		2018	1	1 588	1 563	-25	-1,6
	Operating expenses total	2017	2	17 820	17 792	-28	-0,2
			3	26 527	26 494	-33	-0,1
			4	35 737	35 719	-19	-0,1
		2018	1	8 814	8 790	-24	-0,3
	Loan stock, at the end of the quarter	2017	2	15 693	15 581	-112	-0,7
			3	15 188	15 158	-30	-0,2
			4	15 992	16 021	29	0,2
		2018	1	15 859	15 849	-10	-0,1
Joint municipal authorities	Operating revenue total	2017	2	7 193	7 179	-13	-0,2
			3	10 810	10 691	-120	-1,1
			4	14 283	14 287	4	0,0
		2018	1	3 679	3 680	1	0,0
	Operating expenses total	2017	2	6 677	6 668	-9	-0,1
			3	10 100	9 986	-114	-1,1
			4	13 503	13 526	24	0,2
		2018	1	3 353	3 368	15	0,5
	Loan stock, at the end of the quarter	2017	2	3 199	3 199	0	0,0
			3	3 226	3 226	0	0,0
			4	3 430	3 443	13	0,4
		2018	1	3 462	3 464	3	0,1

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

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