

# Quarterly local government finances

2019, 1st quarter

## Operating expenses of municipalities in Mainland Finland grew by 4.8 per cent in January to March 2019

The external operating expenses of municipalities in Mainland Finland were 4.8 per cent higher in the first quarter of 2019 than in the first quarter of one year earlier. External operating revenue declined by 2.1 per cent. Municipalities received a total of EUR 6.2 billion in tax revenue and EUR 2.2 billion in central government transfers to local government. The external operating expenses of joint municipal authorities grew by 8.5 per cent and operating revenue by 9.5 per cent. These data appear from Statistics Finland's statistics on quarterly local government finances, for which data were collected from 80 municipalities and 69 joint municipal authorities in Mainland Finland.

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

	1st quarter			
	Municipalities		Joint municipal authorities	
	2019	Change, %	2019	Change, %
Operating revenue total	1 602	-2,1	4 135	9,5
Operating expenses total	9 304	4,8	3 759	8,5
Annual contribution margin	750	-28,8	355	21,8
Loan stock	17 633	11,3	3 934	13,5

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 external operating expenses of municipalities in Mainland Finland amounted to EUR 9.3 billion in January to March 2019. Operating expenses grew by 4.8 per cent from the corresponding period in 2018. External operating revenue amounted to EUR 1.6 billion and decreased by 2.1 per cent.

Municipalities' tax revenue was EUR 6.2 billion in the first quarter of 2019. Municipalities received EUR 2.2 billion in central government transfers to local government. Tax revenue increased by 2.1 per cent and central government transfers by 0.7 per cent compared to the first quarter of the previous year. Tax funding

formed of these two items was EUR 1,528 per capita.<sup>1)</sup> The combined annual contribution margin of municipalities decreased by 28.8 per cent year-on-year and was EUR 0.7 billion in January to March.

At the end of March, municipalities' combined loan stock was EUR 17.6 billion. The growth from the year before amounted to 6.0 per cent. The loan stock per capita of municipalities in Mainland Finland was EUR 3,213.<sup>2)</sup> Investment expenses stood at EUR 0.5 billion in January to March. Investment expenses grew by 21.2 per cent from the corresponding period in 2018.

The external operating expenses of joint municipal authorities in Mainland Finland totalled EUR 3.8 billion in January to March 2019 and they were 8.5 per cent higher than in the first quarter of one year earlier. External operating revenue grew by 9.5 per cent to EUR 4.1 billion. The combined annual contribution margin of joint municipal authorities was EUR 0.4 billion.

The investment expenses of joint municipal authorities totalled EUR 0.2 billion in the first quarter of 2019. Investment expenditure increased by 13.7 per cent from the respective period in 2018. At the end of March, joint municipal authorities' loan stock totalled EUR 3.9 billion. The loan stock grew by 2.0 per cent from the beginning of the year.

## 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.

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

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

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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>**

	1st quarter			
	Municipalities		Joint municipal authorities	
	2019	Change, %	2019	Change, %
Operating margin (+/-)	-7 664	6,4	378	20,5
Tax revenue	6 164	2,1		
Central government transfers to local government	2 225	0,7		
Financing income	74	46,5	1	-38,3
Financing expenses	48	16,2	25	0,2
Annual contributing margin (+/-)	750	-28,8	355	21,8
Depreciations and reductions in value	527	3,8	141	-1,6
Extraordinary items (+/-)	106	1112,3	0	-87,5
Financial result for the accounting period (+/-)	329	-40,6	213	44,6
Investment expenses total	540	21,2	207	13,7
Loan stock, at the end of the quarter	17 633	11,3	3 934	13,5

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>**

	1st quarter			
	Municipalities		Joint municipal authorities	
	2019	Change, %	2019	Change, %
Income statement:				
Operating revenue total	2 659	-1,7	4 543	9,2
Sales revenue	1 083	-9,4	4 144	8,8
Fees and charges	369	-1,9	180	14,2
Subsidies and grants received	137	38,8	62	29,8
Other operating revenue	1 070	3,4	157	5,2
Change in inventories of finished goods and of work in progress (+/-)	0		0	-186,5
Production for own use	38	2,7	2	7,3
Operating expenses total	10 362	4,2	4 167	8,3
Personnel expenses	3 173	0,5	1 735	5,4
Purchases of customer services	3 607	9,0	576	9,9
Purchases of other services	1 681	4,8	990	14,7
Materials, supplies and goods	454	-2,5	529	2,0
Allowances and grants	497	0,5	69	40,9
Other operating expenses	950	4,0	268	7,7
= Operating margin (+/-)	-7 664	6,4	378	20,5

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	2018	1	1 588	1 637	49	3,1
			2	3 366	3 531	165	4,9
			3	4 972	5 240	268	5,4
			4	7 484	7 495	11	0,1
	Operating expenses total	2018	1	8 814	8 876	62	0,7
			2	18 176	18 341	165	0,9
			3	27 039	27 322	284	1,0
			4	36 865	36 875	9	0,0
	Loan stock, at the end of the quarter	2018	1	15 859	15 846	-13	-0,1
			2	15 899	15 897	-3	0,0
			3	15 733	15 729	-4	0,0
			4	16 731	16 632	-99	-0,6
Joint municipal authorities	Operating revenue total	2018	1	3 679	3 776	97	2,6
			2	7 489	7 677	188	2,5
			3	11 233	11 459	226	2,0
			4	15 361	15 356	-6	0,0
	Operating expenses total	2018	1	3 353	3 463	111	3,3
			2	7 084	7 274	190	2,7
			3	10 643	10 875	233	2,2
			4	14 716	14 704	-12	-0,1
	Loan stock, at the end of the quarter	2018	1	3 462	3 464	3	0,1
			2	3 681	3 681	0	0,0
			3	3 791	3 791	0	0,0
			4	3 856	3 855	-1	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

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