

# Quarterly local government finances

2020, 1st quarter

## Operating expenses of municipalities in Mainland Finland grew by 2.1 per cent in January to March 2020

The external operating expenses of municipalities in Mainland Finland went up by 2.1 per cent in the first quarter of 2020 from the corresponding period of one year earlier. External operating revenue grew by 1.1 per cent. Municipalities' tax revenue totalled EUR 6.2 billion and central government transfers to local government EUR 2.5 billion. The external operating expenses of joint municipal authorities grew by 2.5 per cent, while their operating revenue decreased by 0.4 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	
	2020	Change, %	2020	Change, %
Operating revenue total	1 622	1,1	4 113	-0,4
Operating expenses total	9 499	2,1	3 849	2,5
Annual contribution margin	850	12,6	245	-30,7
Loan stock	19 132	8,5	4 818	22,2

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 9.5 billion in January to March 2020. External operating revenue amounted to EUR 1.6 billion. The increase in operating expenses was 2.1 per cent compared to the first quarter of the previous year. Operating revenue grew by 1.1 per cent.

Municipalities' tax revenue grew by 1.3 per cent in the first quarter of 2020 compared with the corresponding period of the comparison year. Tax revenues amounted to EUR 6.2 billion. Central government transfers increased by 10.9 per cent to EUR 2.5 billion. Tax funding formed of these two

items was EUR 1,585 per capita.<sup>1)</sup> The combined annual contribution margin of municipalities improved slightly from twelve months back.

Investment expenditure in the January to March period totalled EUR 0.6 billion in the municipalities of Mainland Finland. The growth from the previous year's January to March was 7.6 per cent. At the end of March, municipalities' combined loan stock totalled EUR 19.1 billion, or EUR 3,481 per capita.<sup>2)</sup> The loan stock grew by 3.8 per cent from the situation at the end of December.

The external operating expenses of joint municipal authorities in Mainland Finland totalled EUR 3.8 billion in January to March 2020, which was 2.5 per cent more than in the first quarter of one year earlier. External operating revenue decreased by 0.4 per cent to EUR 4.1 billion.

Joint municipal authorities spent EUR 0.3 billion on investments during the first quarter of 2020. Investment expenditure increased by 16.9 per cent from the respective period in the previous year. At the end of March, the loan stock totalled EUR 4.8 billion. It grew by 2.9 per cent from the turn 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.

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1) The population data used were the population of Mainland Finland on 31 December 2019.

2) The population data used were the population of Mainland Finland on 31 December 2019.

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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	
	2020	Change, %	2020	Change, %
Operating margin (+/-)	-7 834	2,2	265	-29,7
Tax revenue	6 241	1,3		
Central government transfers to local government	2 468	10,9		
Financing income	61	-13,1	4	213,6
Financing expenses	86	109,3	24	-1,2
Annual contributing margin (+/-)	850	12,6	245	-30,7
Depreciations and reductions in value	557	4,7	150	6,7
Extraordinary items (+/-)	0	-99,5	0	13466,7
Financial result for the accounting period (+/-)	294	-10,9	95	-55,4
Investment expenses total	588	7,6	259	16,9
Loan stock, at the end of the quarter	19 132	8,5	4 818	22,2

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	
	2020	Change, %	2020	Change, %
Income statement:				
Operating revenue total	2 666	0,6	4 584	0,2
Sales revenue	1 087	1,2	4 189	0,5
Fees and charges	337	-8,5	174	-2,7
Subsidies and grants received	147	8,0	43	-28,1
Other operating revenue	1 095	2,2	178	5,1
Change in inventories of finished goods and of work in progress (+/-)	0		-1	-335,3
Production for own use	43	11,7	1	-9,8
Operating expenses total	10 543	1,8	4 321	2,8
Personnel expenses	3 214	1,3	1 782	2,8
Purchases of customer services	3 729	3,6	573	-1,1
Purchases of other services	1 680	0,5	1 050	4,1
Materials, supplies and goods	431	-4,9	535	0,9
Allowances and grants	518	3,8	84	22,9
Other operating expenses	971	1,6	296	5,3
= Operating margin (+/-)	-7 834	2,2	265	-29,7

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>

				1st release, EUR million	Latest release, EUR million	Revision of data, EUR million	Revision of data, %
Area	Item	Year	Quarter				
Municipalities	Operating revenue total	2019	1	1 602	1 605	3	0,2
			2	3 410	3 375	-36	-1,0
			3	5 045	5 055	10	0,2
			4	7 194	7 193	-2	0,0
	Operating expenses total	2019	1	9 304	9 306	1	0,0
			2	19 149	19 102	-47	-0,2
			3	28 395	28 427	32	0,1
			4	37 814	37 811	-3	0,0
	Loan stock, at the end of the quarter	2019	1	17 633	17 637	4	0,0
			2	18 026	18 010	-15	-0,1
			3	18 739	18 727	-12	-0,1
			4	18 440	18 439	-1	0,0
Joint municipal authorities	Operating revenue total	2019	1	4 135	4 130	-5	-0,1
			2	8 229	8 226	-4	0,0
			3	12 269	12 264	-5	0,0
			4	16 410	16 482	71	0,4
	Operating expenses total	2019	1	3 759	3 755	-4	-0,1
			2	7 866	7 861	-6	-0,1
			3	11 771	11 763	-8	-0,1
			4	15 836	15 858	22	0,1
	Loan stock, at the end of the quarter	2019	1	3 934	3 944	10	0,3
			2	4 225	4 225	0	0,0
			3	4 299	4 299	0	0,0
			4	4 564	4 683	119	2,6

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

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Source: Quarterly local government finances, 1st quarter 2020, Statistics Finland