



**INEKO**

Institute for Economic and Social Reforms

# Guarding financial health of local governments in Slovakia

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March 3rd, 2017

Kyiv, Ukraine

Conference on “Financial health, transparency and  
competitiveness of local governments in Ukraine”

# Slovak experience

- Since 2012: INEKO portal computing financial health of all municipalities and regions:  
<http://www.hospodarenieobci.sk/>
- Major developments/impact:
  - Intensive public attention and pressure to govern finances of local Gvts responsibly
  - New legal constraints (penalty, debt brakes, more strict rules on hidden debt)
  - Fiscal stabilization of local Gvts

# INEKO portal – main page

Zadajte názov obce, mesta alebo VÚC

Aby ste videli všetky údaje a za všetky roky, je potrebné sa zaregistrovať.

[Registrácia](#) [Aké výhody ponúka registrácia?](#)

### NAJLEPŠIE HOSPODÁRIACE MESTÁ

- 1 Leopoldov ★★★★★ 5,8
- 2 Hlohovec ★★★★★ 5,7  
📌 Základná bilancia
- 3 Nové Mesto nad Váhom ★★★★★ 5,7
- 4 Topoľčany ★★★★★ 5,6  
📌 Základná bilancia
- 5 Strážske ★★★★★ 5,6

[Zobrazíť celý rebríček](#)

### NAJHORŠIE HOSPODÁRIACE MESTÁ

- 1 Spišské Podhradie ★★☆☆☆ 2,3  
📌 Dlhová služba 📌 Základná bilancia
- 2 Myjava ★★★☆☆ 3,0  
📌 Základná bilancia 📌 Okamžitá likvidita
- 3 Holíč ★★☆☆☆ 3,2  
📌 Závazky aspoň 60 dní po splatnosti 📌 Základná bilancia
- 4 Senica ★★☆☆☆ 3,2  
📌 Dlhová služba 📌 Závazky aspoň 60 dní po splatnosti
- 5 Dobšiná ★★☆☆☆ 3,3  
📌 Závazky aspoň 60 dní po splatnosti 📌 Celkový dlh

[Zobrazíť celý rebríček](#)

### HOSPODÁRENIE VYŠŠÍCH ÚZEMNOSPRAVNÝCH CELKOV (VÚC)



# INEKO portal - profiles

## Leopoldov



### HODNOTENIE FINANČNÉHO ZDRAVIA (2012 - 2015)



### HLAVNÉ INDIKÁTORY (2015)

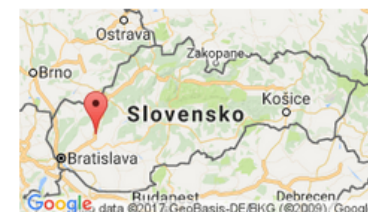
			priemer samospráv SR
⬇ Základná bilancia	22,9 %	★★★★★	1,1 %
⬇ Dlhová služba	5,1 %	★★★★★	7,7 %
⬇ Celkový dlh	8,3 %	★★★★★	20,8 %
⬇ Závazky aspoň 60 dní po splatnosti	0,0 %	★★★★★	0,5 %
⬇ Okamžitá likvidita	982,0 %	★★★★★	193,3 %

### OSTATNÉ INDIKÁTORY (2015)

			priemer samospráv SR
⬇ Bilancia bežného účtu	30,0 %	★★★★★	11,0 %
⬇ Bilancia kapitálového účtu	-5 579,5 %	★★★★★	-57,8 %
⬇ Závazky po splatnosti k príjmom	0,0 %	★★★★★	0,8 %
⬇ Čistý majetok	375,5 %	★★★★★	430,9 %
⬇ Pohotová likvidita	995,6 %	★★★★★	245,5 %
⬇ Úvery od ŠFRB k príjmom	59,9 %	★★★★★	20,6 %

### ZÁKLADNÉ ÚDAJE

Štatút: mesto  
 Počet obyvateľov: 4 151  
 Okres: Hlohovec  
 Kraj: Trnavský  
 E-mail: mestoleopoldov@mail.t-com.sk



### HOSPODÁRENIE NAJBLIŽŠÍCH OBCÍ

1 Červeník	★★★★★
2 Madunice	★★★★★
3 Hlohovec	★★★★★
4 Ratkovce	★★★★★
5 Žilkovce	★★★★★
6 Koplotovce	★★★★★
7 Trakovice	★★★★★
8 Pečeňady	★★★★★
9 Horné Zelenice	★★★★★
10 Bojničky	★★★★★

### HOSPODÁRENIE PODOBNE VEĽKÝCH OBCÍ

1 Bošany	★★★★★
2 Trenčianske Teplice	★★★★★
3 Šoporňa	★★★★★
4 Trenčianska Teplá	★★★★★



# Financial health indicators

Indicators entering final rating	Weight
Overall debt over current revenues	2
Debt service (interest plus principle) over current revenues	1
Current and capital account balance over current and capital revenues	1
Liabilities overdue at least 60 days over current revenues	1
Immediate liquidity on financial accounts over short-term liabilities	1

- All indicators are transformed to the scale {0, 6}
- Overall debt is computed based on data from the most recent year
- Other four indicators are computed based on data from the 4 most recent years with following weights:
  - Year t: 4
  - Year t-1: 3
  - Year t-2: 2
  - Year t-1: 1

# Underlying data

1. Current account revenues
2. Current account expenditures
3. Capital account revenues
4. Capital account expenditures
5. Debt service – principal
6. Debt service – interest
7. Short-term liabilities
8. Long-term liabilities
9. Bank loans
10. Loans from the state
11. Overdue liabilities
12. Liabilities overdue at least 60 days
13. Short-term receivables
14. Financial assets (e.g. cash, bank deposits)
15. Number of citizens

# Legal constraints

- Conditions on taking more debt:
  1. Debt below 60% of current revenues in preceding year
    - Exception 1: Debt to state organizations
    - Exception 2: Bridging loans for EU funds
  2. Debt service (interest plus principal) below 25% of current revenues in preceding year
    - Exception: One-off preliminary repayment



# Legal constraints

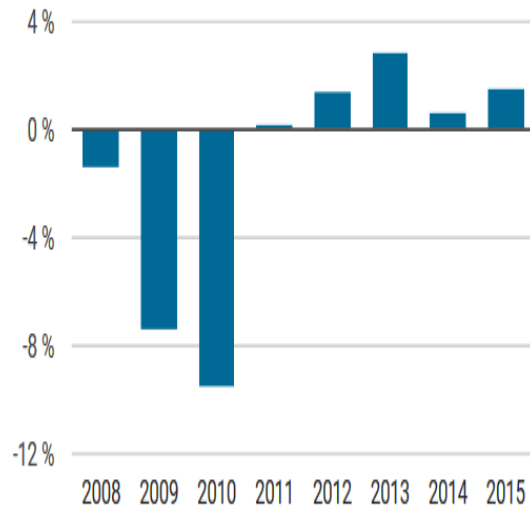
- Debt brakes: If debt above 50%, corrective measures are necessary:
  - If debt under 58%, the mayor has to explain reasons, propose corrective measures to the Council and inform Ministry of Finance
  - If debt above 58% but under 60%, revision of budget is necessary to achieve balanced budget by the end of year and balanced budget proposal for next year
  - If debt above 60%, the municipality has to pay a penalty of 5% of debt exceeding 60% (this rule is set by Constitutional law)

# Legal constraints

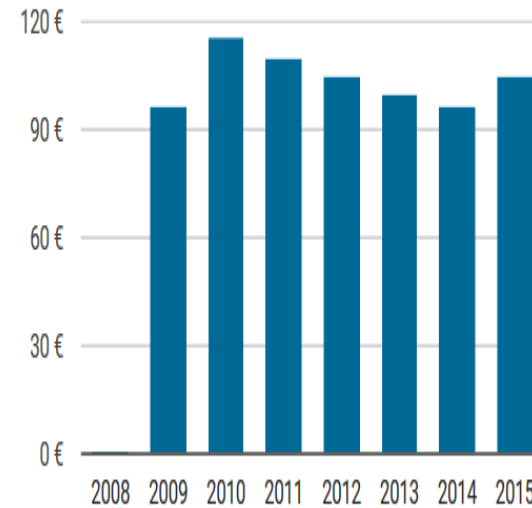
- Conditions on adopting “corrective process” (no rewards, new corrective budget, informing MoF):
  1. Overdue liabilities above 15% of current revenues in preceding year (without revenues from state or EU)
  2. Any accredited liability overdue of 60 or more days
- If “corrective process” does not lead to improvement after 90 days, the custodian nominated by the Ministry of Finance overtakes the “forced management” of municipality

# Fiscal stabilization

Budget balance (% of revenues)



Debt per capita (EUR)



Údaje za rok 2008 nie sú dostupné

# Perspective/needed reforms

- Legal:
  - Debt restructuralization - managed bankruptcy of municipality
  - Wider scope of the Law on Free Access to Information
  - Disclosing the hidden debts: PPP, debt of public companies, etc.
- Non-legal:
  - Detailed budget transparency
  - Better public control of how money is spent

**Thank you for your attention!**

<http://ineko.sk/>; <http://www.hospodarenieobci.sk/>