

## Methodology

(transparent municipalities)

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As a result of the project implementation, it is recommended to enter data on **24 regions and 22 cities (table 1)**, including the city of special subordination, Kyiv, for **the period 2010-2014** on the portal.

**Table 1**

Ukraine's territorial units of higher level and their composition

№	Region	Administrative centre	Area (km <sup>2</sup> )	Population (February 1, 2014)	Districts	Number of City Councils
1	Vinnytsia region	Vinnytsia	26 513	1 617 424	27	6
2	Volyn region	Lutsk	20 144	1 041 375	16	4
3	Dnipropetrovsk region	Dnipropetrovsk	31 974	3 290 786	22	13
4	Donetsk region		26 517			
5	Zhytomyr region	Zhytomyr	29 832	1 261 798	23	5
6	Zakarpattia region	Uzhhorod	12 777	1 256 958	13	5
7	Zaporizhia region	Zaporizhia	27 180	1 775 154	20	5
8	Ivano-Frankivsk region	Ivano-Frankivsk	13 928	1 381 935	14	5
9	Kyiv region	Kyiv	28 131	1 725 470	25	13
10	Kirovohrad region	Kirovohrad	24 588	986 830	21	4
11	Luhansk region		26 684			
12	Lviv region	Lviv	21 833	2 537 806	20	9
13	Mykolaiv region	Mykolaiv	24 598	1 167 821	19	5
14	Odessa region	Odessa	33 310	2 395 935	26	7
15	Poltava region	Poltava	28 748	1 457 223	25	5
16	Rivne region	Rivne	20 047	1 159 114	16	4
17	Sumy region	Sumy	23 834	1 131 903	18	7
18	Ternopil region	Ternopil	13 823	1 072 793	17	1
19	Kharkiv region	Kharkiv	31 415	2 736 807	27	7
20	Kherson region	Kherson	28 461	1 072 013	18	3
21	Khmelnyskyi region	Khmelnyskyi	20 645	1 306 396	20	6
22	Cherkassy region	Cherkassy	20 900	1 259 240	20	6
23	Chernivtsi region	Chernivtsi	8097	908 540	11	2
24	Chernihiv region	Chernihiv	31 865	1 065 826	22	3

In accordance with Slovak experience, data will be divided into the following types: geographical data, brief description of the areas, indicators of financial stability and financial health.

Local budgets indicators of considerable interest to the public, according to the survey conducted by two NGOs in Kyiv region and financial management of Kyiv Regional State Administration, are the following:

Raw data

I) Revenues of local budgets:

- 1) Personal income tax
- 2) Corporate income tax
- 3) Property tax
- 4) Fees and charges for special use of natural resources :
  - Fees for special use of forest resources
  - Fees for special use of water
  - Payment for subsoil use
  - Fees for the use of other natural resources
- 5) Environmental tax
- 6) Non-tax revenues
- 7) Income from capital transactions
- 8) Total income

II) Official transfers

Subsidies

Subventions

Other transfers

III) Local budget expenditure

- 1) Public administration
- 2) Education
- 3) Health care
- 4) Social security and welfare
- 5) Housing and communal services
- 6) Culture and arts
- 7) Mass media
- 8) Physical education and sport
- 9) Construction
- 10) Agriculture and forestry, fishing and hunting
- 11) Emergency management
- 12) Total expenditure

"Local budget crediting" and "Local budget deficit financing" – the part of budgetary report that is provided by local authorities.

13) Local budget crediting - operations of providing financial resources for local budgets in terms of repayment

14) Local budget deficit financing - operations of mobilizing financial resources for financing the budget deficit and their use in case of budget surplus

### **Briefly on indicators**

The Ministry of Finance of Ukraine, State Treasury, and financial management of local authorities in regions and cities are the major sources of collecting the necessary statistical information. The information is provided by the ICPS under the provisions of the Law of Ukraine “On Access to Public Information”.

### **The key indicators proposed for the analysis of financial stability of local budgets:**

№	Indicator	Calculation algorithm
1	Basic balance	$\frac{\text{current revenue} + \text{capital revenue} - \text{current expenditure} - \text{capital expenditure}}{\text{current revenue} + \text{capital revenue}}$
2	Debt service	$\frac{\text{principal payment} + \text{interest payment}}{\text{current revenue for the preceding year}}$

3	Immediate liquidity	financial accounts / short-terms liabilities
4	Current account balance	current revenue - current expenditure / current revenue
5	Capital account balance	capital income - capital expenditure / capital income
6	Quick ratio	financial account + short-term receivables / short-term liabilities
7	Basic balance per resident	current revenue + capital revenue – current expenditure – capital expenditure / number of population at the beginning of the year
8	Profit per resident	the economic result for a current accounting period / population at the beginning of the year
9	Local budget autonomy	Own* and fixed** revenues / total revenues of the local budget (including transfers)
10	Financial independence of local budget	Own revenues / total revenues of the local budget (including transfers)
11	Local budget dependence on local taxes and fees	Total revenues from local taxes and fees / total revenues of local budgets
12	Local budget dependence on financial aid	Total transfers to the local budget / total revenues
13	Tax capacity	Local budget expenditure / tax revenue
14	Transfers stability	Total transfers / general fund revenues
15	Budgetary provision***	Budget / population
16	Tax autonomy	Tax revenues / local budget revenues excluding transfers
17	Surplus “+”, Deficit “-”	Revenues - Expenditures
18	Budget execution rate	Planned budget execution/ actual budget execution

Own and fixed revenues – according to the Ukrainian Budget Code

\*Own - revenues that are not included in the calculation of intergovernmental transfers.

\*\*Fixed - revenues that are included in the calculation of intergovernmental transfers

\*\*\*budgetary provision – budget is equal to total revenues or total expenditures – besides, it was the indicator proposed by one of the local governments