

MUNICIPAL PROPERTY AND ITS USE IN THE SLOVAK REPUBLIC

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Abstract: *Community property is used primarily to carry out its tasks, this includes things belonging to the municipality and the property rights community. Of the Municipal System Act clearly discloses the fundamental principles governing the use of community assets, respectively. dealing with it. Each community has nurtured the assets, and enhance their overall value to maintain substantially unabated. These are the basic rules that must be met to ensure proper management of municipal property.*

Keywords: *Community Property, the Use of Property, the Fair Value of Assets, Assessment of Property Position*

1. Introduction

The contribution provides insight into the issues of status and use of municipal property in Slovakia. In assessing the equity position of municipalities in Slovakia, based on data provided by accounts of individual accounts of the municipalities for the period 2005-2008. It is these data give important information to analyze the structure of assets and sources of coverage of the property, based on aggregated data for all municipalities, including financial organizations under their control. Position property assessment is done through mathematical statistical methods and methods for calculating absolute indicators, which points to annual growth of assets and then using the method of calculating the ratios, this indicator shows the percentage of an asset to total assets in the villages in Slovakia. The aim of our contribution is analysis of the state of municipal property of Slovak municipalities using the absolute indicators and particular using of this property. This is way how to point on existing gaps or lack of using of it. Assets acquired and cities in Slovakia Act no. 138/1991 Coll on municipal property, as amended. Under that law, property acquired, which then carry the right to manage the national committees and organizations set up these committee.

Under the Act č.369/1990 Coll. Municipal Act, municipalities retain the right to property, use and dispose of it. The use and disposal of municipal property should be linked to the strategy of social and economic development community [4] The authors further state that the world led to the 2003 value of assets at acquisition prices, because they had no obligation to depreciate assets. For that reason, there was a situation where the community showed assets at fair value. From 01/01/2003 to community assets depreciate its obligation under the Act no. 431/2002 Accounting Act, as amended in accordance with the Act no. 595/2003 Coll on income taxes, as amended, so from that period, the value of the property communities has been made real. In terms of fair value of assets owned by municipalities, however, consideration should be given to the obligations arise from assets that municipalities must meet. Ministry of Finance of the Slovak Republic issued 04/10/2003 methodological Guideline. 8410/2003-93 the procedure for depreciation of tangible and intangible assets of communities and their established budgetary and subsidized organizations, which in § 28 Act no. 431/2002 Z.

z. Accounting provides accounting units depreciate tangible assets other than inventories and intangible assets other than receivables in accordance with accounting principles and accounting methods, unless a specific provision provides otherwise.

Given that other specific rule, it does not depreciation of tangible and intangible assets owned by the municipality and the budgetary and contributory organizations established by the municipality, the municipality, the procedure for depreciation of assets listed in the Act no. 431/2002 Z. z. Accounting and § 19 of the Ministry of Finance Nr. 23340/2002-92 laying down details of accounting procedures and framework Fig. of accounts for budgetary organizations, state funds, municipalities, higher territorial units, some of the contributory organizations and other entities whose principal business is business. On the basis of the above guideline of the intangible and tangible assets are depreciated according to their village assembled depreciation plan, and the community to determine the depreciation by taking into consideration wear of their corresponding normal usage conditions, while true, that intangible asset, apart from debts, must be written off by the entity in five years' time from its acquisition at the latest [§ 28, para. 4, of Law 431/2002].

According to [1] is the fastest and most effective method of assessing the means of municipalities financial analysis. It is a set of methods which allow businesses to determine the relative position in society and through a set of indicators to carry out the assessment against other organizations. The main tool of financial analysis, design and subsequent interpretation of the indicators. However, the authors also mention in practical decision-making to local authorities, the methods of economic analysis in assessing the efficiency of the municipal property used only to a limited extent AVV actually still prejudices that measurably demonstrate profits and costs of different variant of the use of municipal property, given the need to take public , social or social nature, also need to maintain the democratic decision-making process, it is quite possible.

The purpose and mission analysis of the property should be to increase the level of information about possible options for use of municipal property. It would serve as an argument for obtaining public support and as proof of the correctness of the decisions taken. Table 1 shows the structure of state assets and resources for the coverage of the property in municipalities in Slovakia for the period 2005 to 2008. Since we know that accounting is the application of balance-sheet equilibrium, which implies that if an analysis of the structure of assets in the villages on the other hand, it is necessary to compare the resources that were used to cover those assets to be paid in equal balance these items.

Tab. 1: The structure of assets and sources of coverage in the municipalities, including the budgetary organizations in Slovakia for the period 2005-2008 in mill. Sk

Assets	2005	2006	2007	2008
Long- term Intangible assets	337	350	457	526
Long- term Tangible assets	219 886	239 372	252 471	264 774
Long – term financial property	43 098	48 214	49 607	50 138
Stock	336	341	283	273
Clearance between government entities	-	-	-	20 917
Accounts payable	12 921	12 428	12 208	11 152
Financial accounts	13 209	13 591	15 078	17 878
Accruals	129	168	117	376
Total Assets	289 916	314 464	330 221	366 034
Liabilities				
Own funds assets	260 370	281 706	292707	270 517
Commitments	29 526	32 737	37 457	58 665
Accruals	20	21	57	36 852
Total Liabilities	289 916	314 464	330 221	366 034

Source: Final Public Administration Account for the period 2005-2008

The above structure shows that the state assets for the period increased in each item. As confirmed by absolute ratios and their calculation. In the analysis of absolute and ratios it was necessary to divide the period into two units and the information given from 2005 to 2007 and information for 2008. This is because from 1.1.2008 has changed accounting methodology and data for 2008 to follow in the balance sheet in column 4 and 6 now show. In the accounts, however, add a new line and clearing the bodies of public administration.

Tab. 2: The Analysis of absolute and ratios for the period from 2005-2008 in Slovakia in mill. Sk

Assets	Absolute indicators-year increase in mill. Sk			Ratios in %			
	2006/2005	2007/2006	2008/2007	2005	2006	2007	2008
Long- term Intangible assets	+13	+107	+69	0,1	0,1	0,1	0,1
Long- term Tangible assets	+ 19 486	+ 13 099	+12 303	75,9	76,1	76,5	72,5
Long – term financial property	+ 5 116	+ 1 393	+531	14,9	15,3	15,0	13,6

Stock	+5	- 58	-10	0,1	0,1	0,1	0,1
Clearance between government entities	-	-	+20 917	-	-	-	5,7
Accounts payable	- 493	- 220	-1 056	4,4	4,0	3,7	3,1
Financial Accounts	+ 382	+ 1 487	+2 800	4,5	4,3	4,6	4,8
Accruals	+39	-51	+259	0,04	0,05	0,03	0,1
Total Assets	+ 24 548	+ 15 757	+ 35 813	100	100	100	100
Liabilities							
Own funds assets	+ 21 336	+11 001	-22 190	89,8	89,6	88,6	73,9
Commitments	+ 3 211	+4 720	+ 21 208	10,2	10,4	11,4	16,0
Accruals	+1	+36	+36 795	0,006	0,006	0,01	10,1
Total Liabilities	+ 24 548	+ 15 757	+ 35 813	100	100	100	100

Source: Own calculations

Absolute value municipal property indicators provide information on the value of assets of (in net terms). In 2008, the property in comparison with 2007 increased by 35,813 million. Sk, with specific types of fixed and current assets reported variable development. All items other than inventories and receivables in assets and own property in the resource envelope has been increase in liabilities. If we wanted to evaluate the assets of the municipality, the highest proportion of our total assets consisted of tangible assets and more than 70% in assets and owns assets in reserves to cover liabilities that were in the range of 73.9 to 89.8%. On the other hand, we were the lowest share of accrual accounts, which ranged from 0.03 to 0.1% of assets in the range 0.006 to 10.1% in liabilities. When comparing the years 2006 and 2005, this same development (see Table 2). In accordance with the new accounting methodology, the structure of assets and liabilities of self-reported and clearing relationships with other government entities, from the new concept of accounting transfers. Claims from the Settlement to 12.31 achieved in the municipalities and the amount of municipal budgetary organizations 20 917 million. Eur. Even [4] indicate that the proportion of assets that are bound in the village buildings and structures, yet maintain that these assets are a significant proportion of the total value of the property and it is important to choose the right strategy for its use to offer not only the effects form of public benefits, but also in terms of revenue to the municipal budgets.

1.1 The use of municipal property

When the property management community to decide between several options and ways of its use. The first way is if the property is used directly by the municipality. Other measures include:

- **the sale of assets** at market or non-market price,
- **rental property** at market or non-market rents,
- **custody of assets** in the Budget report, contributory or non-profit organization, which for this purpose set up or established,
- **inserting the property** as part of the basic equity in a company, while creating some form of joint venture with other legal or natural persons, such as (public entities, private as well as non-profit or third sector),
- **use assets as security** for loans or issuance of municipal bonds.

Decisions on how to use municipal assets should follow the principles of managing municipal property, the community development program or a specific program using community assets. If the municipality disposes of its assets, income from the sale must be used exclusively for development, investment programs, which will generate any additional revenue to replace the loss of assets sold. In practice, however, faced with the fact that income from property sales are often used to cover normal operating expenses of the municipal council, and it established or established organizations.

Common property under the statutory purposes of exploitation can be divided into three groups: the property that serves to exercise self-government, property used for public purposes, particularly to ensure local public services, and property used for business.

Exploiting the power of government property is legally obligatory priority. This relates in particular to the provision of pure public good, and is associated with those elected, executive, supervisory, consultative, police and other authorities of the village.

The second group is the use of property assets used by the municipality for a public purpose, namely the property is used for the provision of local public services which are pure or mixed nature of public goods. According to local conditions municipality for the purpose of divide immovable and movable property, as well as financial assets. In accordance with the Municipal Act and the Act on the transfer of certain competencies of local state administration to municipalities and higher territorial units in this group include such activities here.: construction and maintenance of local roads, installation and maintenance of public green areas and public spaces , operation and maintenance of public lighting services in the drinking water supply, drainage and sewage treatment services, local public transport, collection and disposal of municipal waste and small construction, social services, nursery schools, primary schools and other educational establishments, local culture services, sport and recreation and more.

The third group is the use of the property is community property, which is used for business. The village operates either as a legal entity in its own name or business carried out by the municipality established or subsidized organization based company, municipality or its assets encourages entrepreneurial activity of other entities located in

its territory. However, it is necessary to ensure separation of ancillary business from the main activity for which the allowance organization established. Municipalities as legal persons carrying on business on a small scale. For this activity, often up their own businesses or joint, either with other municipalities or with private sector actors. The most frequently used by organizational-legal forms of entities, which are based on the implementation of government business, including limited liability companies and joint stock companies. For all municipalities is that the community as a legal person shall have the same rights and responsibilities in a business like any other business entity.

Multi-use property is an important factor for increasing efficiency in the management of property and undoubtedly contributes to its better and more purposeful use, Effective property policy and systematic approach to dealing with many assets may help supplement the budgets of municipalities and thus overcome the current crisis period. [5]

2. Closure

Finally, we note that even though we have analyzed the different purposes of using the property as three relatively independent areas of Slovakia introduced as a generally applicable rule that one and the same assets used in carrying out responsibilities for more than one purpose. In practice this means that the property is used for two or all three purposes, in a certain period of time under current needs. This is an important factor for increasing efficiency in the management of property and undoubtedly contributes to its better and more purposeful use. The analysis of absolute and ratios showed that the monitored period, the assets and sources of coverage in the municipalities in Slovakia increased. If we analyze the property in the villages from any perspective, we can say that the property is an essential element for ensuring economic roles and functions of local government performance. Without it, the government carries out its mission is difficult and only partially known to produce public goods, and it would not take. The vast majority of the assets acquired ownership of local government transition from state affairs or in the process of privatization, restitution, purchase, or own investment business in the business. It depends only on the ability of elected officials and government employees, how and with what effect will this property be used for socio-economic development, for the benefit of their people and for the protection of environment.

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