

**Inventory
of the methods, procedures and
sources used for the compilation of
deficit and debt data and the
underlying government sector
accounts according to ESA 2010**

SLOVENIA

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Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: "The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 95... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording."

In line with the provisions of the Regulation set up in Article 9, "Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data".

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments Statistics in June 2012 and are followed by all EU Member States. This version introduces references to the ESA 2010 and the updates mirroring the changes introduced by the ESA 2010. It also includes changes introduced by the August 2019 MGDD version.

In this document grey text represents European Commission's (Eurostat's) text and black text represents Slovenia's response.

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Abbreviations

AJPES	Agencija Republike Slovenije za javnopravne evidence in storitve (Agency of the Republic of Slovenia for Public Legal Records and Related Services)
EZR	Enotni zakladniški račun (Single Treasury Account)
DARS	Družba za avtoceste v Republiki Sloveniji (Motorway Company of the Republic of Slovenia)
DUTB	Družba za upravljanje terjatve bank (Bank Assets Management Company)
SDH	Slovenski državni holding (Slovenian Sovereign Holding)
SID	Slovenska izvozna in razvojna banka (Slovenian Export and Development Bank)
SURS	Statistični urad Republike Slovenije (Statistics Slovenia)
ZPIZ	Zavod za pokojninsko in invalidsko zavarovanje Slovenije (Pension Social Security Fund)
ZZZS	Zavod za zdravstveno zavarovanje Slovenije (Health Social Security Fund)
WGAs	Whole government accounts

A. INSTITUTIONAL ARRANGEMENTS, SOURCES, PROCEDURES AND METHODS USED FOR THE CALCULATION OF DEFICIT AND DEBT DATA

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

1 GENERAL GOVERNMENT

This section describes the coverage of the general government sector and the sub-sectors for Slovenia. The sector is composed of three subsectors: central government subsector (S.1311), local government subsector (S.1313) and social security funds subsector (S.1314). The state government subsector (S.1312) does not exist in Slovenia. The list of all general government units, as of 2021, is provided in annex to this document.

1.1 CENTRAL GOVERNMENT SUBSECTOR (S.1311)

The central government subsector includes:

- Direct budget users, i.e. ministries, state bodies, courts, government offices and administrative units (119 units)
- Indirect budget users, i.e. public service providers and public agencies, such as hospitals and universities (321 units)
- Public funds (8 units)
- Corporations (35 units)
- Legal persons of private law (14 units)
- Funds managed by the SID Bank
- Funds managed by the Bank of Slovenia

1.2 STATE GOVERNMENT SUBSECTOR (S.1312)

There is no state government subsector in Slovenia.

1.3 LOCAL GOVERNMENT SUBSECTOR (S.1313)

The local government subsector includes:

- Direct budget users, i.e. municipalities (212 units)
- Indirect budget users, i.e. public service providers and public agencies, such as primary schools and community health centres (1016 units)
- Local communes (857 units)
- Public funds (6 units)
- Corporations (28 units)
- Legal persons of private law (10 units)

1.4 SOCIAL SECURITY FUNDS SUBSECTOR (S.1314)

The social security funds subsector includes three units: the Health Social Security Fund and the Pension Social Security Fund (both direct budget users), and the Capital Fund (corporation).

Further details relating to practical aspects of sector classification for individual units into the general government sector as well as description of individual more specific units classified in the general government sector is provided in Section 5.

2 INSTITUTIONAL ARRANGEMENTS

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- *responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA 2010 Transmission Programme;*
- *institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;*
- *general overview about bookkeeping system used by public units, internal quality checks and external auditing;*
- *communication between individual national authorities involved in EDP;*
- *publication of deficit and debt statistics.*

Legal basis for the compilation of GFS and EDP data

The legal basis for conducting statistical surveys resulting in national publication of GFS and EDP statistics and their transmission to the European Commission (Eurostat) in accordance with relevant EU legislation (see Section 2.1) is provided by the National Statistics Act¹.

2.1 INSTITUTIONAL RESPONSIBILITIES FOR THE COMPILATION OF GENERAL GOVERNMENT DEFICIT AND DEBT DATA

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in Section 2.3 Communication.

National accounts data for general government are transmitted to Eurostat² via the following tables (see the related EU legislation)³:

- Table 2 Main aggregates of general government (annual data)*
- Table 6 Financial accounts by sector (annual data)*
- Table 7 Balance sheets for financial assets and liabilities (annual data)*
- Table 801 Non-financial accounts by sector (quarterly)*
- Table 9 Detailed tax and social contribution receipts by type of tax or social contribution and receiving sub-sector (annual data)*
- Table 11 Expenditure of general government by function (annual data)*
- Table 25 Quarterly non-financial accounts of general government*
- Table 26 Balance sheets for non-financial assets (annual data)*
- Table 27 Quarterly financial accounts of general government*
- Table 28 Quarterly government debt (Maastricht debt) for general government*

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables⁴.

¹ <https://www.stat.si/dokument/5186/NationalStatisticsAct.pdf>

² <https://ec.europa.eu/eurostat/data/database>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1581327918231&uri=CELEX:32013R0549>

⁴ <https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables>

The following institutions are involved in the compilation of the above mentioned statistics:

- Statistics Slovenia (in Slovene: Statistični urad Republike Slovenije, SURS)
- Bank of Slovenia (in Slovene: Banka Slovenije)
- Ministry of Finance of the Republic of Slovenia (in Slovene: Ministrstvo za finance Republike Slovenije).

The distribution of responsibilities between the three institutions is shown in Table 1.

Non-financial accounts (Tables 2, 801, 9, 11, 25 and 26) are compiled and transmitted to Eurostat by SURS. Financial accounts (Tables 6, 7 and 27) are compiled and transmitted to Eurostat by the Bank of Slovenia. For the compilation and the transmission to Eurostat of Maastricht debt statistics, SURS is responsible.

For EDP statistics, the compilation of actual data is a shared responsibility between SURS and the Bank of Slovenia. In the event of disagreement between the two institutions, SURS's decision shall be deemed as final. For planned data, the Ministry of Finance is responsible. There is no such institute as a "final approval of EDP data" before statistics is sent to Eurostat as each institution is responsible for its own part. EDP tables are officially transmitted to Eurostat by SURS. No affidavit is attached to the transmitted data.

Table 1 Institutional responsibilities for the compilation of general government national accounts and EDP tables

		Statistics Slovenia	Bank of Slovenia	Ministry of Finance	
Non-financial accounts	annual	x			
	quarterly	x			
Financial accounts	annual		x		
	quarterly		x		
Maastricht debt	quarterly	x			
EDP table 1	actual data	deficit/surplus	x		
		debt	x		
		other variables	x		
	planned data	deficit/surplus			x
		debt			x
		other variables			x
EDP table 2 (actual data)	2A central government	x			
	2B state government	-	-		
	2C local government	x			
	2D social security funds	x			
EDP table 3 (actual data)	3A general government	x	x		
	3B central government	x	x		
	3C state government	-	-		
	3D local government	x	x		
	3E social security funds	x	x		
EDP table 4		x	x		

2.1.1 Existence of an EDP unit/department

At SURS, EDP notification is the responsibility of the Macroeconomic Statistics Division⁵. In addition to EDP tables, the staff (four persons at the end of 2022) is responsible for every other aspect of statistics relating to general government that fall within SURS's responsibility.

At the Bank of Slovenia, EDP notification is the responsibility of the Financial Statistics Department⁶. In addition to EDP tables, the staff (one persons at the end of 2022) is responsible for every other aspect of statistics relating to general government as specified above that fall within the Bank's responsibility.

Altogether, GFS and EDP actual data are compiled by five persons in Slovene statistical authorities.

2.1.2 Availability of resources for the compilation of GFS data

See Section 2.1.1.

2.2 INSTITUTIONAL ARRANGEMENTS RELATING TO PUBLIC ACCOUNTS

Generally, "public accounts" are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and relating accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

2.2.1 Legal / institutional framework

The legal basis for the compilation of public accounts and for the accounting rules for direct and indirect budget users, public funds and local communities is provided by the Accounting Act. The Act is the basic act governing accounting for the budget, budget users and legal entities under public law, and for those legal entities under private law that do not keep the books of account or do not conduct accounting pursuant to the Companies Act, the Services of General Economic Interest Act or the Societies Act. In addition to the Accounting Act, the legal basis is provided also by the Public Finance Act and relevant secondary legislation. In cases not specified in the mentioned regulations, public sector accounting is regulated by the Slovene Accounting Standards.

Budgets, direct budget users, public funds and local communities in all general government subsectors use cash based bookkeeping system. Indirect budget users in central and local levels use cash and accrual bookkeeping systems.

Bookkeeping standards used by budget users are set by the Ministry of Finance. Designs of accounting statements is also done by the Ministry. For collecting accounting statements, the

⁵ Organigram of SURS: <https://www.stat.si/StatWeb/en/AboutUs/AboutStatOffice>

⁶ Organigram of the Bank of Slovenia: <https://www.bsi.si/en/about-us/organisation>

Agency for Public Legal Records and Related Services (in Slovene: Agencija Republike Slovenije za javnopravne evidence in storitve, AJPES) is responsible.

Public corporations use the same accounting standards and rules as private corporations. The legal basis is provided by the Companies Act, which lays down general rules for accounting applying to corporations that are required to keep books of account and compile annual reports based on the Slovene Accounting Standards prepared and adopted by the Slovenian Institute of Auditors following the approval of the Ministry of Finance and the Ministry of the Economy.

There are no foreseen changes in terms of the bookkeeping system used by public units.

2.2.2 Auditing of public accounts

2.2.2.1 General government units

General government units (direct and indirect budget users) should provide internal audits. The audit is done by internal audit services or by external private experts. The internal financial control and internal audit is developed, harmonized and supervised by the Budget Supervision Office. The frequency of audits depends on the size of the unit; for units with a budget above approximately EUR two million, a budget internal audit must be performed annually and for other units every three years.

Units in the general government sector (direct and indirect budget users, and public funds) are subject to internal audit according to the Public Finance Act⁷. Article 100 of the act determines that financial control of direct budget users at the central and local government level is a system of internal inspections and internal audits. Direct budget users should organize appropriate forms of financial control for all state bodies and organizations and other indirect budget users within their competence. The system of control may be supplemented by organizing services of internal authorized auditors acting under direct budget user.

According to the Court of Audit Act, also external audits are obligatory for most units in the general government sector and the court is responsible for audit implementation. The court is obliged to audit annually the regularity of the implementation of the state budget, the regularity of the business operations of the Health Social Security Fund, the Pension Social Security Fund, and business operations of a suitable number of important municipalities, and other direct and indirect budget users. For other audits, the court can independently determine which audits will be carried out in a calendar year.

Thus, in principle a large majority of general government units are audited according to the mentioned criteria.

The subject and coverage of auditing depends on the system of internal inspections and internal audits organized by budget users. With internal audits, accounting statements auditing – auditing of accounting – and auditing of compliance with regulations is done. The subject of audit is similar to accounting audit in corporations. The audit is done by bodies and persons who are set up within the internal auditing system. In the scope of audit also monitoring of the use of funds transferred from the budget can be done.

For external auditing the Court of Audit is responsible. The main types of audit are tax auditing and budget auditing. Tax auditing has the aim to examine whether taxes were properly accounted and paid in accordance with applicable laws, acts and decisions. For budget

⁷ http://www.mf.gov.si/en/areas_of_work/economic_governance/fiscal_policy/law_on_public_finance/

auditing, the main objective is to check the purposeful, correct (compliance with regulations and accounting standards) and rational use of funds from state and local budgetary resources, assessing the economic efficiency of units that use the resources from the budget intended for public use, assessing the achievement of goals in other areas for which budget resources have been provided. In this case business operations, performance and its effectiveness and efficiency are audited – performance governmental auditing and value for money auditing. Simultaneously, it is the goal of audit the reduction of costs and increase in benefits in the use of budget funds.

Thus, with internal and external audits all flows and accounts of units in the general government sector are audited. Regardless whether the flows and accounts are inside or outside the budget, they are audited when the unit is under internal or external audit.

Internal audits take place for the whole time in the accounting year. The external audit by the Court of Audit, for example on the regularity of the implementation of the state budget, takes place from 31 March, when the accounting statements and accounts of the state budget are submitted to the court, to 1 October at the latest, when all financial data, accounts, reports and the final audit report of the court are submitted to the National Assembly. The external audit of regularity of business operations of direct and indirect budget users takes place based on the annual programme of the Court of Audit. The external audit ends when the Court of Audit submits the final audit report to the National Assembly, the Prime Minister or the competent minister or the competent authority of the local community.

The results of audited accounting statements and reports are available to GFS compilers when they are published by the Court of Audit on its website⁸. Audit reports mostly do not include a risk analysis and relevant details, e.g. on payables, contingent liabilities.

2.2.2.2 Public units, not part of general government

According to Article 57 of the Companies Act, annual accounting statements and annual business reports of large and medium-sized corporations, associated corporations and those small corporations whose securities are quoted on the stock exchange are obliged to external review or audit by an independent audit corporation in accordance with the Auditing Act, which is the basic act for this matter.

According to the Services of General Economic Interest Act, legal entities performing the activity of public utility services must have audited annual accounting statements in accordance with the law. The audit should determine the purpose, efficiency and rationality of the use of budget funds.

In several cases auditing of annual accounting statements of public corporations is done by the Court of Audit in accordance with the Court of Audit Act. In this case tax and budget auditing is done (see Section 2.2.2.1).

According to the mentioned criteria almost all units in the public corporations sector as defined in ESA 2010 are audited.

In accordance with the Auditing Act, auditing can be carried out only by audit companies and independent auditors that meet statutory requirements and are entered in the register of auditing companies kept by the Slovenian Institute of Auditors. Auditors are further on supervised by the Agency for Public Oversight of Auditing. The main role of this agency is to

⁸ <https://www.rs-rs.si/revizije-in-revidiranje/arhiv-revizij/>

provide an efficient supervision of certified auditors, auditing companies, authorized reviewers and supervision over the work of the Slovenian Institute of Auditors.

According to Article 24 of the Court of Audit Act, the Court can independently determine which audits will be carried out in a calendar year; this applies also to auditing of public corporations. The plan of audits of public corporations is determined by the annual programme of the Court of Audit.

Depending on the object and the purpose of auditing three types of audits are distinguished: audit of accounting statements and accounts, audit of compliance and audit of business.

Accounting statements auditing is the most typical one and it is mostly carried out by external auditors. It begins with the testing of internal controls and continues with the examination of data from accounting statements. In some cases it is extended to other parts of accounting, especially in the forecast accounting statements and financial analysis methodology. With audit of accounting statements an opinion on the truth and fairness and reality and objectivity of financial information that the corporation presents in its statements has to be given. By audit of accounting statements and accounts, all flows and all accounts of the unit are audited.

The audit of compliance with regulations assesses whether acts, laws and other regulations, such as statutes, internal policies, regulations and professional standards, are respected and if not to inform the competent authority to take appropriate preventive measures.

The audit of business is focused on the auditing of operations, such as auditing of performance and its effectiveness and efficiency. It covers all basic business functions (technical, personnel, production, sales and financial), management functions (planning, preparation and implementation of control) and information functions (handling data about the past and the future, monitoring and analysis of data).

The external audit takes place for six months after the accounting year, which is in most cases equal to the calendar year. The internal audit takes place for the whole time in the accounting year.

The extent of the audit is not the same in all cases. In most cases it includes accounting statements auditing and compliance with regulations. In some cases also auditing of operations is carried out which contains also risk analysis. This kind of audit is carried out especially in larger public corporations.

In accordance with the Companies Act, those corporations that need to be audited are obliged to submit audit results in eight months after the accounting year. The results of audited accounting statements and reports are published by AJPES on its website⁹ 30 days after the last possible day for submitting the results by corporations being audited.

⁹ <http://www.ajpes.si>

2.3 COMMUNICATION

2.3.1 Communication between actors involved in EDP

2.3.1.1 Agreement on co-operation

The co-operation between actors involved in the compilation of GFS and EDP statistics in Slovenia is specified by a Memorandum of Understanding in the Field of General Government Accounts Statistics¹⁰, signed in 2018. Before that, there was a Memorandum of Understanding in the Field of Macroeconomics Statistics from 2004 with amendments in 2007 and 2009. The signatories to the Memorandum are SURS, the Bank of Slovenia and the Ministry of Finance.

The memorandum assigns the responsibility for performing tasks that are regulated by EU legal acts in the field of general government accounts and EDP reporting between the signatories. For the compilation of general government national accounts statistics, SURS and the Bank of Slovenia are responsible. For the preparation of actual data within EDP reporting, SURS and the Bank of Slovenia are responsible. Forecasts are the responsibility of the Ministry of Finance. The Ministry of Finance is responsible for meeting requirements of the Council Directive 85/2011 on requirements relating to the budgetary frameworks of the Member States, with SURS being responsible for some tasks from this directive.

The memorandum also specifies modalities regarding the provision of data sources for the compilation of statistics. Finally, it deals with the mutual exchange of information: the signatories shall consult each other continuously, timely exchange all the necessary information, and inform each other on relevant methodological, technical and organizational changes. For the exchange of information, resolving the issues regarding data sources and discussing open methodological issues, a working group is established composed of representatives of the signatories.

The co-operation between actors involved in EDP matters is constant and it takes place in meetings, via phone and by email.

There are no foreseen changes in responsibilities of institutions and/or departments involved.

2.3.1.2 Access to data sources based on public accounts

According to the National Statistics Act, statistical authorities (authorised producers of official statistics, i.e. SURS and the Bank of Slovenia) have the right to collect data from all existing sources in order to implement the programme of statistical surveys. This includes sources based on public accounts. The act also stipulates that statistical authorities, for the purpose of rational implementation of the activities of national statistics, may use identifiable individual data from official and other administrative data collections of the public (and the private) sector (records, registers, databases, etc.) that are kept on the basis of law or written consent of the individual. In compliance with law, register holders must, free of charge, submit to statistical authorities all the requested information.

All data of general government units and budget data of the state budget, municipality budgets and social security funds are available in electronic (machine readable) format to SURS and the Bank of Slovenia. Data sources are available at unit level and at basic account level. From

¹⁰ https://www.stat.si/StatWeb/File/DocSysFile/11925/MoU_GovernmentAccountsStatistics.pdf

all other databases of the Ministry of Finance (Treasury, individual transactions within the state budget accounts, etc.) or other general government units, detailed data are available on request.

2.3.2 Publication of deficit and debt statistics

2.3.2.1 Publication of EDP data

EDP data are published by SURS with a press release after the completion of the EDP verification procedure in April and October each year. Annex 1 of the EDP tables is published, and EDP historical data in the case of revisions. Publication is done according to SURS's release calendar one or two days before publication by Eurostat.

2.3.2.2 Publication of underlying government ESA 2010 accounts

Non-financial accounts of the general government sector and the Maastricht debt are published by SURS according to the release calendar¹¹ in the SiStat Database¹². Relevant explanatory notes on sources and methods are also provided¹³.

Financial accounts of the general government are published by the Bank of Slovenia according to the release calendar¹⁴ in the Data Series – Bank of Slovenia database¹⁵ and annually in a publication Financial Accounts of Slovenia¹⁶. Publication comprises also a description of methodology and compilation process of the financial accounts.

¹¹ <https://www.stat.si/statweb/en/ReleaseCal>

¹² <https://pxweb.stat.si/SiStat/en>

¹³ <https://www.stat.si/statweb/en/Methods/QuestionnairesMethodologicalExplanationsQualityReports>

¹⁴ <https://www.bsi.si/en/publications>

¹⁵ https://px.bsi.si/pxweb/en/serije_ang/serije_ang_40_financni_racuni/?tablelist=true&rxid=b8d95605-c76d-44e3-a8a5-0d69801320e0

¹⁶ <https://www.bsi.si/en/publications/statistical-reports/annual-publication-financial-accounts-of-slovenia>

3 EDP TABLES AND DATA SOURCES

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA 2010 based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP table 2 and 3.

3.1 EDP TABLE 1

EDP table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation¹⁷: net borrowing(-)/net lending(+)(B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (D.41).

This section focuses on Maastricht debt only. A detailed description of B.9 calculation and data sources for individual subsectors is covered under section 3.2.

3.1.1 Compilation of Maastricht debt

3.1.1.1 Specification of debt instruments

The central government debt is by far the most important and accounts for around 98% of general government debt. The largest component is government bonds, which accounts for 88% of the total, followed by loans (11%) and deposits (1%):

AF.2 Currency and deposits (F.2)

- a) Coins in circulation – valuation is at face value.
- b) Court warranties – valuation is at face value.
- c) Other deposits in the Single Treasury Account – valuation is at face value. This item includes deposits held in the Single Treasury Accounts by institutional units classified mainly in the non-financial sector (see also Section 3.2.3.5).

AF.31 Short-term debt securities (F.31)

- a) Treasury bills – valuation is at face value, i.e. total amount of discount or premium is included in the stock data. Main creditors are the rest of the world and financial corporations.

AF.32 Long-term debt securities (F.32)

- a) Government bonds – valuation is at face value. Several bonds issued with initial denomination in USD are hedged against exchange rate movements by contracting cross currency swaps agreements. After swap valuation has been used for the debt stock. Main creditors are the rest of the world and financial corporations.

¹⁷ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2014.069.01.0101.01.ENG

b) Bonds issued by other central government units – valuation is at face value.

AF. 41 Short-term loans (F.41)

- a) Cash-collaterals from derivative transactions. The creditor is the rest of the world.
- b) Loans from financial intermediaries to general government units with maturity shorter than one year.
- c) Trade credits with specific features (cases of factoring without recourse) are recorded as short-term loans based on a Eurostat's decision from 2012.

AF. 42 Long-term loans (F.42)

- a) Loans from domestic financial intermediaries to general government units with maturity longer than one year.
- b) Loans from non-resident institutions to general government units with maturity longer than one year.
- c) Loans granted by the European Financial Stability Facility (EFSF) to euro-area countries (notional loans provided by the EFSF to the Slovene government, and at the same time notional Slovene government lending to the EFSF programme countries).
- d) Financial leasing operations.
- e) Imputed loans arising from off-market swaps (see also Section 7.7.3).
- f) Long-term trade credits.
- g) Long-term loans resulting from public private partnerships (see also Section 7.6) and energy performance contracts (see also Section 7.20).
- h) Loans from the European Investment Bank.
- i) Loan provided under the Support to Mitigate Unemployment Risks in an Emergency (SURE) instrument.

3.1.1.2 Data sources used for the compilation of Maastricht debt

The vast majority of data sources for the compilation of the gross debt (stock) is provided by the Ministry of Finance. The Ministry provides two sets of unit (instrument) level data. The first set includes data for direct budget users at the central government level; it is provided on a quarterly basis with a time lag of about one month. The second set includes data for indirect budget users at the central government level and for social security funds; it is available on a quarterly basis with a time lag of about two months.

Both data sets are complemented with debt of local government units and of relevant corporations according to data sources for financial accounts compilation; these are available on a quarterly basis within 45 days after the end of the reference period (see also Section 3.2.1.1).

Data on public private partnerships' and energy performance contracts' liabilities are compiled annually by SURS. Data on off-market swaps are provided by the Bank of Slovenia within two months after the end of the reference period. A special report on EFSF rerouting is made available by Eurostat on a monthly basis with a time lag of about one month. The data sources for long-term trade credits and court warranties are Whole Government Accounts (WGAs, see Section 3.2.1.1) and balance sheet data (see Section 3.2.2.1), which are available with a time lag of about six and four months, respectively. For trade credits with specific features (cases

of factoring without recourse), data from banking statistics of the Bank of Slovenia are used, available within one month after the end of the reference period.

Debt figures are almost final in the April EDP notification. The revision in the October EDP notification is only due to the inclusion of data from WGAs and balance sheets. However, revisions are also possible due to changes in sector classifications.

3.1.1.3 Amendments to basic data sources

Data on securities and loans at the central government level are in data sources provided at a face value and no adjustment is needed. For the local government level, figures in data sources are adjusted for interest calculated by using average bank interest rates (i.e. interest is deducted).

3.1.1.4 Consolidation of Maastricht debt

The financial accounts survey (see Section 3.2.1.1) and the database of the Central Securities Clearing Corporation provide all relevant information on intra government transactions and consolidation of Maastricht debt at unit level. Both data sources are on a who/whom basis. Main government units providing loans to other government units (mostly local government units) are the Ministry of Economic Development and Technology and public funds.

3.2 CENTRAL GOVERNMENT SUB-SECTOR, EDP TABLES 2A AND 3B

Information provided in this section refers to data sources available for the central government subsector (S.1311), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA 2010.

3.2.1 Data sources for main central government unit: “the State”

This section describes data sources available and used for compilation of national accounts and EDP tables for the main central government unit:

- *basic data sources*
- *complementary data sources used for the purpose of special ESA 2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).*

The main central government unit, as reported in the working balance of EDP Table 2A, refers to the state budget (in Slovene: državni proračun). For it, three basic data sources are used:

- State budget statement, which includes current and capital transactions (revenue and expenditure) and financial transactions at basic account level and with cash accounting basis. It is provided monthly by the Ministry of Finance approximately 20 days after the end of a month. The current balance of the state budget is reported as the working balance in EDP Table 2A.

- Financial accounts survey, which is conducted quarterly by the Bank of Slovenia. It includes all important general government units and uses accrual accounting basis. The results are available approximately two months after the end of a quarter.
- The Whole Government Accounts, which are balance sheets covering all budget users and using accrual accounting basis. They are provided by the Ministry of Finance approximately six months after the end of a year and, therefore, used in the October EDP notification round.

Table 2 Availability and use of basic source data for the main central government unit

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions	cash	monthly	T+20	T+9	x	x	
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	cash	annual	T+90	T+3			
(6) Balance sheets	accrual	annual	T+90	T+3			
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x
(9) Whole government accounts	accrual	annual	T+180	T+6		x	x

3.2.1.1 Details of the basic data sources

Data sources used for compilation of national accounts

State budget statement is prepared by the Ministry of Finance in line with the International Monetary Fund's standards. Transactions are shown on a cash basis within three balances: Current revenue and expenditure with deficit/surplus as a balancing item (balance A), Financing and lending (balance B), and Borrowing (balance C).

On the revenue side, balance A covers all revenues, including current revenues, capital revenues, grants received and transferred income from other government entities. On the expenditure side it covers current expenditure, current transfers, capital expenditure and capital transfers. Receipts from the EU budget and payments to the EU budget are also shown separately. Balance B covers flows of payments that do not have the character of expenditures for the government (i.e. non-repayable funds) but have either the character of lending or repayment or acquisition of equities of the government in an enterprise, bank or other financial

institution. Balance C covers flows of borrowing and repayments of debt connected with the servicing of the government debt, or with financing a budget deficit.

Data are preliminarily available approximately 20 days after the end of a month (year). The statement is then submitted for auditing to the Court of Audit at the end of March, and approved by the National Assembly by the end of September each year. Final data are thus available nine months after the end of a year. In general, differences between preliminary and final data are negligible.

Data are available at the basic account level (approximately 550 items). With this, it is possible to distinguish all important flows, including intra-government flows and transactions with other, separately identifiable, institutional sectors, to solve delineations between non-financial and financial transactions, and to classify transactions into relevant ESA components.

The financial accounts survey includes units of the general government sector with total assets more than EUR eight million; the sample thus covers 99% of the assets value of the central government sector and the survey response rate is 100%. The survey provides data on stocks and net transactions in the financial instruments as assets or liabilities and also information on the counterpart sector.

The survey does not include only general government units but also non-financial and financial corporations. It thus, together with other basic source data (budget balances and WGAs) and supplementary data sources (annual accounting statements, see Section 3.2.2.1, data from banking and securities statistics, international investments position and balance of payments data, monetary and statistics of investment funds), enables to distinguish, value and verify all sectors' instruments and transactions. Details in data sources enable the consolidation within and between subsectors of general government, which is in line with national accounts requirements. All relevant transactions and those of a significant size are further examined and if needed further explained by the relevant reporting units. In the compilation of F.8 assets and liabilities within the financial accounts all relevant accrual adjustments as reported within EDP Table 2A are also taken into account.

The Whole Government Accounts provide detailed balance sheets by instruments for all budget users and public funds, showing approximately one hundred items, including stocks of fixed assets and inventories, components of financial assets and liabilities, interest flows, intra-government transactions, etc.

In EDP compilation, WGAs have been more extensively used since 2012 (data from 2008 on) when they were for the first time used also for the compilation of the non-financial accounts and particularly for accrual adjustment (from cash to accrual basis). The reason for introducing this data source in non-financial accounts was the reduction of statistical discrepancy with financial accounts, and for better calculation of F.8 assets and liabilities in line with the financial accounts reported in EDP Table 3. Before this transition, F.8 assets and liabilities in EDP Table 3 were calculated from non-financial accrual adjustments in EDP Table 2 and with some further adjustments used in EDP Table 3 and were not the same as reported in the financial accounts.

WGAs are now the main data source for accrual adjustments of revenue (except taxes and social security contributions) and expenditure as reported in the October EDP notification, including for other groups of general government units where adjustments are made for transition of their cash deficit/surplus to accrual deficit/surplus in national accounts. The only rather minor drawback of the data source is in the allocation of the adjustments at the level of ESA expenditure and revenue components where some assumptions need to be employed.

Working balance (WB)

Not relevant. Data from the working balance are used for compilation of national accounts aggregates, including Net lending/borrowing (B.9, B.9f).

3.2.1.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (Section 3.2.1.1) is used as a basic data source for the main central government unit.

3.2.1.3 Supplementary data sources and analytical information

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

3.2.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

Supplementary data sources are used for accrual adjustment of taxes: data from customs declarations, from excise duties' declarations, and from tax declarations and tax assessments for personal and corporate income taxes. These data sources are provided by the Financial Administration of the Republic of Slovenia. In addition, a number of other data sources are used to supplement the basic data sources, for example on interest, EU transfers, investment in military equipment, guarantees called, dividends, financial leasing, etc.; these are in more detail described in relevant Sections below (3.2.3, 6 and 7).

For direct budget users, annual accounting statements (profit and loss account and balance sheet) is available at individual level (i.e. for each budget user). Data are the same as in the state budget statement, only with less detail. They are not used in a calculation of aggregates for the main general government unit as all transactions of these units are already included in the state budget statement (see Sections 3.2.1 and 3.2.1.1). Instead, they are used in the compilation of GDP by the production approach for general government units by activities. For more information on accounting statements see Sections 2.2.1 and 3.2.2.1.

3.2.1.3.2 Supplementary data sources used for the compilation of financial accounts

See Section 3.2.1.1.

3.2.1.4 Extra-budgetary accounts

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first row of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called "extra-budgetary accounts" - EBA. In some cases, according to national legislation, transactions that are not scrutinized by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very

important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

Not relevant. All transactions are recorded in the budgetary accounts.

3.2.2 Data sources for other central government units

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP Table 2A).

Other central government units include:

- Indirect budget users (public service providers and public agencies)
- Public funds
- Corporations
- Legal persons of private law
- Funds managed by the SID Bank
- Funds managed by the Bank of Slovenia

Table 3 Availability and use of basic source data for other central government units

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions							
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	cash, accrual	annual	T+90 or 120	T+3 or 4		x	
(6) Balance sheets	accrual	annual	T+90 or 120	T+3 or 4		x	x
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x
(9) Whole government accounts	accrual	annual	T+180	T+6		x	x

For them, three basic data sources are used:

- Annual accounting statements, which include profit and loss account, and balance sheet. They are available between three and four months after the end of a year, depending on a type, at individual level (i.e. for each unit). They are provided by AJPES.

- Financial accounts survey, which is conducted quarterly by the Bank of Slovenia. It includes all important general government units and uses accrual accounting basis. The results are available approximately two months after the end of a quarter.
- The Whole Government Accounts, which are balance sheets covering all budget users and public funds, and using accrual accounting basis. They are provided by the Ministry of Finance approximately six months after the end of a year and, therefore, used in the October EDP notification round.

3.2.2.1 Details of the basic data sources

Annual accounting statements for indirect budget users consist of two sets, one using cash accounting basis similar to statements by direct budget users, and the other using accrual accounting basis similar to accounting scheme and rules for corporations. For the compilation of production accounts within GDP calculation the profit and loss accrual accounting scheme is used and for other components of revenue and expenditure the cash statement scheme is used due to detail it provides. They are available approximately three months after the end of a year and used already in the April EDP notification.

Annual accounting statements for corporations and legal persons of private law are accrual accounting based. They differ in the level of detail; for corporations many more items are available in the profit and loss account and balance sheet than for legal persons of private law. Statements are available at the end of April/beginning of May and therefore used only in the October EDP notification. For the April EDP notification, preliminary accounting data are obtained directly from seven the most important corporations.

Annual accounting statements of public funds are cash accounting based and the same as those of direct budget users. They are available approximately three months after the end of a year and used already in the April EDP notification.

Details in the data sources enable distinguishing of all important flows, including intra-government flows and transactions with other, separately identifiable, institutional sectors as well as to solve delineations between non-financial and financial transactions.

For details on the financial accounts survey and WGAs, see Section 3.2.1.1.

3.2.2.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (section 3.2.1.1) is used as a basic data source for other central government units.

3.2.2.3 Supplementary data sources and analytical information

This section describes supplementary data sources, which are used to amend basic data sources while compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for, e.g., accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

3.2.2.3.1 Supplementary data sources used for the compilation of non-financial accounts

Basic data sources for the compilation of non-financial accounts of other central government units are complemented with some additional information obtained from the most important corporations. For funds managed by the Bank of Slovenia and the SID bank, data sources are provided by those two institutions.

3.2.2.3.2 Supplementary data sources used for the compilation of financial accounts

See Section 3.2.1.1.

3.2.3 EDP Table 2A

This section provides detailed information on individual rows reported in EDP Table 2A.

3.2.3.1 Working balance - use for the compilation of national accounts

Data sources from which the working balance (first row of EDP Table 2A) originates are used for non-financial accounts compilation, including net lending/net borrowing.

3.2.3.2 Legal basis of the working balance

The working balance refers to current deficit/surplus of the state budget. The main legal bases for its preparation are provided by the Public Finance Act and the Act on Implementation of the Budget of the Republic of Slovenia. See also Sections 2.2.2.1, 3.2.1 and 3.2.1.1.

3.2.3.3 Coverage of units in the working balance

Two adjustment rows due to sector delimitation appear in EDP T2. The purpose of the first adjustment is to exclude flows relating to units, which do not belong to the government sector (or to the particular subsector) according to ESA 2010 definition. The second adjustment refers to B.9 of other units, which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

3.2.3.3.1 Units to be classified outside the subsector, but reported in the working balance

There are no units reported in the working balance that do not belong to the general government sector as defined by ESA 2010.

3.2.3.3.2 Units to be classified inside the subsector, but not reported in the working balance

The row net lending/net borrowing of other central government units comprises the B.9 of the following groups of units:

- Indirect budget users (public service providers and public agencies)
- Public funds
- Corporations
- Legal persons of private law
- Deposit Guarantee Fund
- Funds managed by the SID Bank (Contingency Reserves Fund, Interest Rate Equalisation Programme Fund (until 2016), Fund of Funds, COVID-19 Fund of Funds)

Net lending/net borrowing of all these central government units, as reported in EDP Table 2A, is on accrual basis. All transactions related to these units are reflected in their own B.9, with the exception of specific transactions of the Slovenian Sovereign Holding (transactions of bonds SOS2E/1995, RS21 and RS39/2001, TELECOM settlement, capital injections), capital transfer representing provisions for calls under standardised guarantees (see Section 7.1.3), and capital transfer representing potential loss from loans given in the context of COVID-19 measures (see Section 7.2.2), which are shown separately within other adjustments in EDP Table 2A (see Section 3.2.3.7). A full sequence of ESA 2010 accounts is compiled for all groups of other central government units, and for some of them a full set of accounts is produced individually.

3.2.3.4 Accounting basis of the working balance

The working balance is a pure cash measure. State budget revenue and expenditure are shown as pure cash transactions in line with transactions in F.2 (in public accounts F.2 is a balancing item of all revenue and expenditure in balances A, B and C). However, some accounts due in a current year can be paid at the beginning of the following year (depends on holiday/working days at the end of a year and in line with the Rules on the Conclusion of the Implementation of State and Local Government Budgets).

3.2.3.4.1 Accrual adjustment relating to interest D.41, as reported in EDP Table 2A

The row “difference between interest paid and accrued” in EDP Table 2A covers accrual interest adjustment (including discounts and premium) and EFSF interest accrual adjustment.

The first adjustment is done according to individual contracts taking into account valuation of the instrument, interest rate and amortization schedules by contract/instrument as provided by the Ministry of Finance. Premiums and discounts are recorded in the working balance, details of related flows are also provided by the Ministry and are used in the calculation of accrual interest adjustment (see also Section 6.4.4).

3.2.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP Table 2A

The following transactions are adjusted for in the row “other accounts receivable”, several of them one-off or occasional:

- Taxes (taxes on production and imports, current taxes on income, wealth, etc.), see Section 6.1.

- Other non-market output (EU own resource): accrual adjustment for revenue from collecting traditional own resources (20%/25% of import duties, export of services to EU institutions) is the difference between accrual figure according to customs declarations and cash figure in the state budget.
- Market output and miscellaneous current transfers: accrual adjustments are estimated by one month time lag method in the April EDP notification and on the basis of WGAs in the October EDP notification.
- EU flows neutralization, see Section 6.2.1.
- Repayment of Russia for clearing debt in 2010; in 2010 the clearing debt by Russia was repaid and shown within current revenue in the state budget. The total amount was recorded in national accounts as financial transaction and shown as cash/accrual adjustment.
- Refunds received from the EU budget from gross national income contribution (2014–2016).
- Refunds of COVID-related subsidies in 2020 and 2021.
- Current transfers within general government in 2020 (to consolidate an amount paid by the state budget in 2020 but received by a public agency in 2021).
- Advances for COVID-19 vaccines.

The following transactions are adjusted for in the row “other accounts payable”, several of them one-off or occasional:

- Intermediate consumption: accrual adjustment is compiled by time-lagging cash data by one month.
- Compensation of employees, social benefits other than social transfers in kind, gross fixed capital formation, current transfers within general government: accrual adjustments are estimated by one month time lag method in the April EDP notification and on the basis of WGAs in the October EDP notification.
- Subsidies: accrual adjustment is estimated for domestic part of subsidies (without agriculture subsidies) with one month time lag of cash data.
- Taxes (taxes on production and imports, current taxes on income, wealth, etc.), see Section 6.1.
- Rent (due to sale of UMTS concessions), see Section 7.12.
- Recording of refunds of GNI based contribution from the EU budget, originating from specific circumstances in 2014 and based on Amending Budget 5/2014 (2014–2016).
- Recording of payments by the state budget to the Slovenian Railways Infrastructure corporation to cover some losses due to the sleet in 2014 (2014–2016).
- Compensation for undistributed electricity to Croatia in 2015 and 2016.
- Social transfers in kind and miscellaneous current transfers (individual COVID related expenditure).
- EU flows neutralization, see Section 6.2.1.

Accrual adjustments in EDP Table 2A are fully consistent with F.8 reported in EDP Table 3B and financial accounts.

3.2.3.4.3 Other accrual adjustments in EDP Table 2A

There are no other accrual adjustments reported in EDP Table 2A.

3.2.3.5 Completeness of non-financial flows covered in the working balance

Within “Non-financial transactions not included in the working balance” two adjustments are shown in EDP Table 2A.

The first adjustment relates to the budget reserve funds. Within the state budget account, there are ten budget reserve funds (memorandum accounts within the state budget): the Natural Disaster Fund, the Fund for Investments in Health, the Fund for Investments in Education, the Scholarship Fund, the Water Fund, the Climate Fund, the Demographic Fund, the Forest Fund, the Fund for the Development of Non-governmental Organizations, and the Fund for Implementing Recovery and Resilience Plan. Receipts of the budget reserve funds are usually earmarked. They are first recorded as the state budget revenue and at the same time as the state budget expenditure (as transfer into the reserves). Then, they are shown in the same amount as budget reserve funds revenue (as transfer from the state budget). Expenditure of budget reserve funds is recorded when the funds (assets) are actually spent. Data on actual spending of budget reserve funds is annexed to the annual financial statements of the state budget; it is provided by the Ministry of Finance at a detailed level that enables the allocation of expenditure into relevant ESA categories (mainly miscellaneous current transfers, gross fixed capital formation, current transfers within general government and capital transfers), and appropriate consolidation with flows recorded in the working balance. Thus, with the adjustment the recording of expenditure as shown in the working balance is corrected. The working balance records as expenditure the total value of transfer into the budget reserve funds; with the adjustment this value is replaced with actual expenditure from the funds in a year.

The second adjustment records balance (surplus/deficit) of the Single Treasury Account (in Slovene: Enotni zakladniški račun, EZR). In the system of the EZR are direct and indirect budget users at the central and local government level, including social security funds. Their cash assets are deposited in the banks and this can be done only via the EZR. The EZR's revenue is interest payments by the banks for the general government deposits; its expenditure is in the form of interest payments to units in the EZR system, and transfer of surplus into the state budget. With the adjustment the transfer into the state budget is consolidated (as the same amount is recorded as a revenue in the working balance) and the EZR's accrual interest revenue is included into the central government revenue.

In the 1995–2007 period, adjustments to current purchases of military equipment were also recorded within “non-financial transactions not included in the working balance” (see also Section 6.3.1).

3.2.3.6 Financial transactions included in the working balance

The working balance of the state budget can include transactions in financial assets and liabilities; they are identified by obtaining relevant information from the Ministry of Finance. Within “Financial transactions included in the working balance” different adjustments are made in EDP Table 2A, the majority of them only occasional or one-off or only relating to more recent periods:

- Several recordings relating to swap operations (net settlements under swap contracts, premium received from swaption, exchange differences from swap, see Section 7.7).

- Several recordings relating to interest (in advance payments of interest, interest payment from reconstruction, adjustment relating to price repurchase/reopening above 100, see Section 6.4.1).
- Recording of different transactions relating to purchases of military equipment (see Sections 3.2.3.5 and 6.3.1).
- Two adjustments for transfer from the Slovenian Restitution Fund to the state budget (in 2007 for debt redemption above/below nominal value, in 2004 for payments of bonds).

3.2.3.7 Other adjustments reported in EDP Table 2A

There are several other adjustments reported in EDP Table 2A, many of them occasional or one-off:

- “Annuity for loans of INFRA paid by the state budget”: INFRA is a public corporation set up for the regulation and maintenance of the water infrastructure and other state infrastructure in the area of energy exploitation of water potential on the Sava River. In 2010 and 2011, loans of INFRA (under government guarantee) were included in the general government consolidated gross debt and recorded as debt assumption. Then, loans were repaid by INFRA and refunded by the state budget and this was shown as current transfer to public corporations in the state budget. In national accounts, loans repaid by INFRA and refunded by the state budget were deducted and shown under other adjustments, refunds of interest payments were reclassified into interest expenditure. All mentioned transactions relate to the 2010–2015 period.
- “Debt assumption” shows capital transfers associated to debt assumptions, all instances taking place before 2006.
- “Payment of claims to Slovenian Railways in 2010 and 2011” shows the recognition of the Slovenian Railways’ claims by court decision. In 2011, the government recognised claims by the Slovenian Railways in the total amount of EUR 134 million (Article 5a of the Law on Slovenian Railways). The main part of the amount was a claim by the Slovenian Railways Cargo (S.11), while the minor part was claimed by the Slovenian Railways Passenger Traffic (S.1311). The total amount of EUR 134 million will be paid in 10 annual instalments (EUR 13.4 million each year) by the state budget starting in 2014, so a financial transaction in this amount needs to be excluded from the working balance in the 2014–2023 period. The transactions relating to the recognition of claims in 2010 (EUR 43 million) were concluded in 2015 (capital transfer in 2010, exclusion of annual instalments in the 2012–2015 period).
- Item “Guarantees called, net” shows the impact of calls on guarantees. Guarantees called are recorded as a capital transfer expenditure net of repayments by the debtor. See also Section 7.1.
- “Other capital transfers in public corporations” and “Other capital transfers into banks” correspond to capital injections (in the form of capital equity in public accounts) recorded as capital transfers in national accounts. These items cover capital transfers to loss-making companies by the state budget and capital injections via the Slovenian Sovereign Holding (the later in 2007–2009 and 2012–2013).
- “Termination payment APP (2003), liquidation revenue Slovenian Development Fund (2004)” captures the recording of termination payments of the Agency for Payments and of the Fund being unwound as financial transactions.
- “Claims to Craftsmen Pension Fund” captures the impact of claims that government had to pay due to the court decision in 2005.

- “Statistical discrepancies” show the difference between figures in a payer and in a receiver account. These adjustments are relevant for important transactions between subsectors (state budget/Pension Social Security Fund, state budget/local budgets) and within subsectors (Pension Social Security Fund/ Health Social Security Fund). The item in 2002 includes the effect of the abolishment of prolonged budget for VAT and excise duties.
- “SRF Telecom transfers to private investors” records capital transfers by the Slovenian Sovereign Holding to individual persons for compensation of investments into TELECOM infrastructure (see also Section 5.2).
- “Superdividends”: see Section 7.4.
- “Accrual adjustment for financial leasing” records adjustment for purchases of gross fixed capital formation products with financial leasing. It is estimated with data on stocks of financial leasing loans at the beginning and at the end of the year as provided by financial accounts.
- “Compensation to the persons erased from public records”: when Slovenia gained its independence in 1991, citizens of the former Socialist Republic of Slovenia automatically became citizens of the new country, the Republic of Slovenia. All citizens of other republics of the former Socialist Federative Republic of Yugoslavia with permanent address in the Socialist Republic of Slovenia had the right to apply for Slovenian citizenship within six months from the date of independence. Those who had not obtained citizenship lost their permanent residence status with administrative act (they have been “erased” from the Population Register). In June 2014 the Act Regulating the Compensation for Damage Sustained as a Result of Erasure from the Register of Permanent Residents was adopted, which recognised the right to a financial compensation to those that complied to the conditions laid down in the Act. In line with this a capital transfer was recorded in national accounts in 2013, at first in the amount of EUR 130 million, but when it was recognised that this figure was overestimated it was revised to EUR 26 million within October 2017 EDP notification. In 2014–2019, the amounts paid by the state budget were excluded from the working balance to account for the amount of the capital transfer. All payments to the beneficiaries in the following years are/will be recorded as government expenditure in the year when they occur.
- “Repayments to LB deposit holders in Croatia and Bosnia”: in 2015 the Act Regulating the Enforcement of the European Court Of Human Rights Judgment in Case No. 60642/08 was adopted according to which the legal framework for the repayments to the former deposit holders in Ljubljanska Banka in Croatia and Bosnia was set. In line with this a capital transfer was recorded in 2014 in the amount of EUR 257 million, which represents the principal. As the assessment of the related annual interest flows was very unreliable, it was decided to record in subsequent years (from 2016 on) actual payments of interest as government expenditure within the year they are paid.
- “Wage reform, compensation of employees” and “wage reform, personal income tax” records transactions in relation to the implementation of the wage system reform in the public sector following the court decision (2013–2015).
- “Transactions central/local budgets (payments in January 2014 recorded in December 2013)” records transactions between the state and the municipalities’ budgets relating to EU flows that were paid in 2014 but recorded in 2013 in national accounts (2013, 2014).
- “Concession duty for student work according to ZUJF (Human resources and scholarship fund)” (2013) records adjustment of the working balance relating to a concession duty for student work, introduced in 2012 by the Fiscal Balance Act, paid by organizations engaged in the provision of temporary and occasional student work. In the state budget, the revenue from 2012 is recorded in 2013; in national accounts it is recorded in 2012 (i.e. in 2012 as an addition to the working balance in the form of accrual adjustment of other taxes on production, in 2013 as subtraction from the working balance among “other adjustments”).

- “EU financial corrections”: see Section 6.2.
- “Non-performing loans” records debt cancellations for non-performing loans, including the interest accrued on them.
- “Energy Performance Contracts”: see Section 7.20.
- “D.74pay from Mini One Stop Shop Data” and “D.74rec from Mini One Stop Shop Data” records a fraction of the VAT paid belonging to the country hosting electronic services in a transition period (2015–2018): a country of a buyer records VAT on a gross basis, whereas agreed fraction of VAT amount belonging to a host country is recorded as a transfer (Current international cooperation, D.74).
- Several items for recording the EFSF related non-financial transactions.
- “Correction for SMP transfer” records accrual adjustment for payment of the state budget to the ESM Intermediate Account, in line with Eurostat’s clarification on “The time of recording of ANFA and SMP transfers to Greece”.
- “Capital transfer from central budget to public funds” records capital transfers of the state budget into public funds (from 2019 on). In the state budget, the amounts are included in the balance B, in the funds’ accounting statements they are included among capital transfers revenue. With the adjustment, the amount is consolidated as intra central government capital transfer.
- “Interest adjustment from off-market SWAPs” (from 2019 on) records interest payments on off-market swaps.
- “Amendment to contract with CG and SZ PP”: in 2017, the government signed a contract with the Slovenian Railways Passenger Transport corporation for providing a compulsory public service of railway passenger transport in the 2017–2031 period. In 2018, an amendment to the contract was signed stating that the compensation under the contract should include also the costs of renewal and modernization of the passenger trains. Therefore, in national accounts a capital transfer of EUR 181 million from the state budget to the corporation has been imputed as expenditure of the state budget and revenue of the company (consolidation as intra central government capital transfer). In years after 2018, the cash amounts paid by the state government to the corporation are/will be excluded from the working balance of the state budget and revenue of the company.
- “Compensation for obstacles in railway transport” records recognition by the Republic of Slovenia of claims by corporations not being able to perform railway transport due to investment works in railway infrastructure (2021).

3.2.3.8 Net lending/net borrowing of central government

Apart from the adjustments described above, there is no other adjustment to the working balance before arriving at the B.9 of the central government subsector.

3.2.4 EDP table 3B

3.2.4.1 Transactions in financial assets and liabilities

Financial accounts data are used for the compilation of EDP Table 3.

Table 4 Data used for compilation of transactions and of stocks of financial assets and liabilities – central government

Source data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Stock data	x		x				x	x		x				x
	Calculation of stocks													
Transaction data														
Stock data	x	x	x	x	x	x	x	x	x	x	x	x	x	x

The main data source for the compilation of transactions and stocks of financial assets and liabilities is the financial accounts survey (see Section 3.2.1.1). In the survey, each unit reports data on stocks and net transactions in financial instruments as assets or liabilities and also information on the counterpart sector. Thus individual data are available for all important units of the central government sector. Important sources for all units (especially for instrument F.8), but available only for the October EDP notification, are also WGAs (see Section 3.2.1.1) and balance sheet data (for corporations, see Section 3.2.2.1). For units included in the financial accounts survey, WGAs are used for verification, for remaining units they are used as the main source. As supplementary data sources also the following are regularly used: banking statistics, investment funds' statistics, international investment positions and balance of payments statistics, and securities statistics. All data on stocks and transactions which are reported for financial accounts by individual general government units are compared with those supplementary sources. In the case of differences, reasons are to be found and eliminated. All larger and specific transactions are clarified. Data sources are regularly amended for specific transactions: debt cancellation, debt assumption, superdividends, capital injections, etc. Due to detail in data sources, no amendment due to consolidation needs to be done. Financial transactions are recorded on an accrual basis and at market value. In the compilation of F.8 assets and liabilities also supplementary data sources for accrual calculation of taxes are used. At the final stage of the compilation process transactions with change in stocks are compared and all differences are explained. Details by instruments are provided below.

Assets

- F.2 Financial accounts survey for stocks and transactions, WGAs and banking statistics for verification.
- F.3 Financial accounts survey for stocks and transactions, WGAs and securities statistics for verification.
- F.4 Financial accounts survey for stocks and transactions, detailed data provided by the Bank Assets Management Company, a special report on EFSF rerouting made available by Eurostat, WGAs for verification, additional information for debt cancellation.
- F.5 Securities statistics for stocks for F.511 and F.512, investment funds' statistics for stocks F.52, financial accounts survey for stocks F.513 and for all F.5 transactions, additional information for special transactions (superdividends, capital injections, etc.).
- F.6 Counterpart information.
- F.7 Ministry of Finance data.
- F.8 WGAs for stocks, balance sheet data for corporations, financial accounts survey, supplementary data sources for accrual calculation of taxes, other accrual adjustment from EDP Table 2A.

Liabilities

- F.2 Financial accounts survey for stocks and transactions, WGAs for court warranties and verification.
- F.3 Ministry of Finance data, securities statistics.
- F.4 Financial accounts survey for stocks and transactions, Ministry of Finance data, banking statistics, international investment position and balance of payments statistics, a special report on EFSF rerouting made available by Eurostat, SURS's data for energy performance contracts and private-public partnerships.
- F.5 Financial accounts survey for stocks and transactions.
- F.6 Data from the SID bank on standardised guarantees.
- F.7 Ministry of Finance data.
- F.8 WGAs for stocks, balance sheet data for corporations, financial accounts survey, supplementary data sources for accrual calculation of taxes, other accrual adjustment from EDP Table 2A.

3.2.4.2 Other stock-flow adjustments

Data for the rows "Issuance above/below nominal value", "Difference between interests accrued and paid", "Redemptions/repurchase of debt above/below nominal value" and "Appreciation/ depreciation of foreign currency debt" are based on data provided by the Ministry of Finance.

The item "Issuance above/below nominal value" records the net amount of issued premium (issuance above nominal value) and issued discount (issuance below nominal value).

Under "Difference between interests accrued and paid" a difference between interest accrued and paid for deposits, loans and securities is recorded. Interest accrued and paid for loans and debt securities is calculated individually for each loan and each security according to its original repayment schedule. The discount/premium at issuance on securities is spread out during the lifetime of the securities.

The item "Redemptions of debt above/below nominal value" records a difference between the repurchase price and the nominal value.

The item "Appreciation/depreciation of foreign currency debt" contains only currency movements associated with the termination of hedging swaps related to the repayment of foreign currency denominated debt. Repayments of debt have resulted in entries in this item for recent years.

For units reclassified into the general government sector, all annual transactions as well as debt at the end of a year are included in EDP reporting tables in a first year (i.e. year of inclusion in the general government sector). In item "Changes in sector classifications" adjustment for debt at the beginning of a year is shown.

3.2.4.3 Balancing of non-financial and financial accounts, transactions in F.8

This section aims at describing techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.

The observed difference between B.9 and B.9f is reconciled at the level of groups of units or individual units as much as possible. Discrepancy results from different reasons, including from time of recording problems. Reconciliation adjustments are made on either the financial or non-financial account depending on an assessment of the accuracy of the relevant data

sources and the appropriateness of the methods employed. There is no fixed practice for allocating the discrepancy to a particular item or instrument. In the reconciliation process, all available information is taken into account.

At the final stage, discrepancy is not allocated to financial or non-financial accounts but shown under “difference between capital and financial accounts (B.9-B.9f)” in EDP Tables 3. In recent years, the absolute average difference is kept below 0.05% of GDP at the level of the total sector and subsectors.

3.3 STATE GOVERNMENT SUB-SECTOR, EDP TABLES 2B AND 3C

Not applicable. There is no state government subsector in Slovenia.

3.4 LOCAL GOVERNMENT SUB-SECTOR, EDP TABLES 2C AND 3D

3.4.1 Data sources for main local government unit: municipal budgets

The main local government unit, as reported in the working balance of EDP Table 2C, refers to the municipal budgets (in Slovene: občinski proračuni). For it, three basic data sources are used:

- Municipal budgets statement, which includes current and capital transactions (revenue and expenditure) and financial transactions at basic account level and with cash accounting basis of all municipalities. It is provided monthly by the Ministry of Finance approximately 30 days after the end of a month. The current balance of the municipalities’ budgets is reported as the working balance in EDP Table 2C.
- Financial accounts survey, which is conducted quarterly by the Bank of Slovenia. It includes all important general government units and uses accrual accounting basis. The results are available approximately two months after the end of a quarter.
- The Whole Government Accounts, which are balance sheets covering all budget users and using accrual accounting basis. They are provided by the Ministry of Finance approximately six months after the end of a year and, therefore, used in the October notification round.

3.4.1.1 Details of the basic data sources

See Section 3.2.1.1.

3.4.1.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (Section 3.2.1.1) is used as a basic data source for the main unit of the local government subsector.

Table 5 Availability and use of basic source data for main local government unit

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions	cash	monthly	T+30	T+9	x	x	
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	cash	annual	T+90	T+3			
(6) Balance sheets	accrual	annual	T+90	T+3			
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x
(9) Whole government accounts	accrual	annual	T+180	T+6		x	x

3.4.1.3 Supplementary data sources and analytical information

A number of supplementary data sources and analytical information is used, for example on guarantees called, dividends, financial leasing, public private partnerships, energy performance contracts; these are in more detail described in relevant Sections below (3.4.3.7, 6 and 7).

3.4.2 Data sources for other local government units

Other local government units include:

- Indirect budget users (public service providers and public agencies)
- Public funds
- Corporations
- Local communes and associations of municipalities
- Legal persons of private law.

For them, three basic data sources are used:

- Annual accounting statements, which include profit and loss account, and balance sheet. The accounting basis depends on the type of a unit: for indirect budget users it is cash and accrual, for corporations and legal persons of private law it is accrual, for public funds, local communes and associations of communes the accounting basis is cash. They are available between three and four months after the end of a year, depending on a type, at individual level (i.e. for each unit). They are provided by AJPES.

- Financial accounts survey, which is conducted quarterly by the Bank of Slovenia. It includes all important general government units and uses accrual accounting basis. The results are available approximately two months after the end of a quarter.
- Whole Government Accounts, which are balance sheets covering all budget users, as well as public funds, local communes and associations of municipalities, and using accrual accounting basis. They are provided by the Ministry of Finance approximately six months after the end of a year and, therefore, used in the October notification round.

Table 6 Availability and use of basic source data for other local government units

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions							
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	cash, accrual	annual	T+90 or 120	T+3 or 4		x	
(6) Balance sheets	cash, accrual	annual	T+90 or 120	T+3 or 4		x	x
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x
(9) Whole government accounts	accrual	annual	T+180	T+6		x	x

3.4.2.1 Details of the basic data sources

See Section 3.2.2.1.

3.4.2.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (Section 3.2.1.1) is used as a basic data source for other local government units.

3.4.2.3 Supplementary data sources and analytical information

No supplementary data sources and analytical information are used for other local government units.

3.4.3 EDP Table 2C

3.4.3.1 Working balance - use for the compilation of national accounts

Data sources from which the working balance (first row of EDP Table 2C) originates are used for non-financial accounts compilation, including Net lending/net borrowing.

3.4.3.2 Legal basis of the working balance

The working balance refers to current deficit/surplus of the municipalities budgets. The main legal bases for their preparation are provided by the Public Finance Act and the Act on Implementation of the Budget of the Republic of Slovenia. See also Sections 2.2.2.1, 3.4.1 and 3.2.1.1.

3.4.3.3 Coverage of units in the working balance

3.4.3.3.1 Units to be classified outside the subsector, but reported in the working balance

There are no units reported in the working balance that do not belong to the general government sector as defined by ESA 2010.

3.4.3.3.2 Units to be classified inside the subsector, but not reported in the working balance

The row net lending/net borrowing of other local government units comprises the B.9 of the following groups of units:

- Indirect budget users (public service providers and public agencies)
- Corporations
- Public funds
- Local communes and associations of municipalities
- Legal persons of private law.

Net lending/net borrowing of all groups is on accrual basis. All transactions related to them are reflected in their own B.9 and not under other adjustment rows. A full sequence of ESA 2010 accounts is compiled for all groups.

3.4.3.4 Accounting basis of the working balance

The working balance is a pure cash measure. Municipalities' budget revenue and expenditure are shown as pure cash transactions in line with transactions in F.2 (in public accounts F.2 is a balancing item of all revenue and expenditure in balances A, B and C). However, some accounts due in a current year can be paid at the beginning of the following year (depends on holiday/working days at the end of a year and in line with the Rules on the Conclusion of the Implementation of State and Local Government Budgets).

3.4.3.4.1 *Accrual adjustments relating to interest D.41, as reported in EDP Table 2C*

Local government debt includes only bank loans and stocks are adjusted for interest. In EDP Table 2C the difference between accrual interest and cash figure as shown in data sources is recorded. The calculation of accrual interest is based on average quarterly bank interest rate according to data of the Bank of Slovenia and average local government debt.

3.4.3.4.2 *Accrual adjustments reported under other accounts receivable/payable F.8 in EDP Table 2C*

Other accounts receivable show adjustments for output, transfers from other subsectors of the general government sector and within the subsector, miscellaneous current transfers and cash advances; they are all estimated on the basis of financial accounts data or WGAs (or by time lagging cash value in the April notification). In addition, there is an adjustment for other tax on production (compensation for the use of building ground) compiled by time lagging cash revenue by two months.

Other accounts payable include adjustments for intermediate consumption, compensation of employees and social benefits in cash (cash value time lagged by one month), and for transfers within the subsector, gross fixed capital formation and cash advances which are estimated on the basis of financial accounts data or WGAs.

3.4.3.4.3 *Other accrual adjustments in EDP Table 2C*

There are no other accrual adjustments reported in EDP Table 2C.

3.4.3.5 *Completeness of non-financial flows covered in the working balance*

Non-financial flows in the working balance are completely covered. No adjustment for "Non-financial transactions not included in the working balance" is needed.

3.4.3.6 *Financial transactions included in the working balance*

There are no adjustments necessary for financial transactions included in the working balance.

3.4.3.7 *Other adjustments reported in EDP Table 2C*

There are several other adjustments reported in EDP Table 2C:

- Guarantees called less repayments: the estimate is based on municipalities budgets balance B, see Section 7.1.
- Capital injections into loss-making companies, see Section 7.3.
- Superdividends, see Section 7.4.
- Adjustment for purchases of gross fixed capital formation products with financial leasing, estimated with data on stocks of financial leasing loans at the beginning and at the end of the year in financial accounts by the Bank of Slovenia.
- Private public partnerships, see Section 7.6.

- Energy performance contracts, see Section 7.20.
- Adjustments following the court decision in relation to the implementation of the wage system reform in the public sector (in 2013, 2014 and 2015).

3.4.3.8 Net lending/net borrowing of local government

Apart from the adjustments described above, there is no other adjustment to the working balance before arriving at the B.9 of the local government subsector.

3.4.4 EDP Table 3D

3.4.4.1 Transactions in financial assets and liabilities

Table 7 Data used for compilation of transactions and of stocks of financial assets and liabilities – local government

Source data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data	x	x	x	x	x		x			x				x
Stock data	x		x		x		x			x				x
	Calculation of stocks													
Transaction data														
Stock data	x	x	x	x	x		x			x				x

The main data source for the compilation of transactions and stocks of financial assets and liabilities is the financial accounts survey (see Section 3.2.1.1). The most important units of the local government subsector report individually data on stocks and net transactions in the financial instruments as assets or liabilities and also information on the counterpart sector. Important sources for all units (especially for instrument F.8), but available only for the October EDP notification, are also WGAs (see Section 3.2.1.1) and balance sheet (for corporations, see Section 3.2.2.1). For units included in the financial accounts survey, WGAs are used for verification, for remaining units they are used as the main data source. Several supplementary data sources are also regularly used: municipalities' budgets balance B, banking statistics, investment funds' statistics, international investment positions and balance of payments statistics, and securities statistics. All stocks and transactions that are reported in the financial accounts survey are compared with supplementary sources and in the case of differences reasons are found and eliminated. All larger and specific transactions are regularly clarified. Due to detail in data sources, no amendment due to consolidation needs to be done. Financial transactions are recorded on accrual basis and at market value. At the final stage of the compilation process transactions with change in stocks are compared and all differences are explained. Details by instruments are provided below.

Assets

- F.2 Financial accounts survey for stocks and transactions, WGAs and banking statistics.
- F.3 Financial accounts survey for stocks and transactions, WGAs and securities statistics.
- F.4 Financial accounts survey for stocks and transactions, budgets' balances B, WGAs for verification.
- F.5 Securities statistics for stocks for F.511 and F.512, investment funds' statistics for stocks F.52, financial accounts survey for stocks F.513, budgets' balances B and additional information for all F.5 transactions.
- F.6 Counterpart information.
- F.8 Financial accounts survey, WGAs, balance sheet data for corporations.

Liabilities

- F.4 Financial accounts survey for stocks and transactions, banking statistics, SURS's data for energy performance contracts and private public partnerships, balance sheet data for corporations.
- F.8 Financial accounts survey, WGAs, balance sheet data for corporations.

3.4.4.2 Other stock-flow adjustments

Not relevant for Slovenia.

3.5 SOCIAL SECURITY FUNDS SUB-SECTOR, EDP TABLES 2D AND 3E

3.5.1 Data sources for social security funds main units

The main units of the social security funds subsector are the Health Social Security Fund (in Slovene: Zavod za zdravstveno zavarovanje Slovenije, ZZZS) and the Pension Social Security Fund (in Slovene: Zavod za pokojninsko in invalidsko zavarovanje Slovenije, ZPIZ). For them, three basic data sources are used:

- Budget statement for the ZZZS and budget statement for the ZPIZ, which include current and capital transactions (revenue and expenditure) and financial transactions at basic account level and with cash accounting basis. They are provided monthly by the Ministry of Finance approximately 30 days after the end of a month. The current balance of both budgets is reported as the working balance in EDP Table 2D.
- Financial accounts survey, which is conducted quarterly by the Bank of Slovenia and uses accrual accounting basis. The results are available approximately two months after the end of a quarter.
- Whole Government Accounts, which are balance sheets covering all budget users, including the ZZZS and the ZPIZ, and using accrual accounting basis. They are provided by the Ministry of Finance approximately six months after the end of a year and, therefore, used in the October notification round.

Table 8 Availability and use of basic source data for social security funds main units

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions	cash	monthly	T+30	T+9	x	x	
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	cash	annual	T+30	T+3			
(6) Balance sheets	accrual	annual	T+30	T+3			
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x
(9) Whole government accounts	accrual	annual	T+180	T+6		x	x

3.5.1.1 Details of the basic data sources

See Section 3.2.1.1.

3.5.1.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (Section 3.2.1.1) is used as a basic data source for the main units of the social security fund subsector.

3.5.1.3 Supplementary data sources and analytical information

No supplementary data sources and analytical information are used for the main units of the social security fund subsector.

3.5.2 Data sources for other social security funds units

The social security funds subsector includes one additional unit, the Capital Fund (see Section 5.2). There are two main data sources for the Fund. The first is its annual accounting statement, compiled according to the accrual accounting basis and provided by AJPES approximately four months after the end of a year. For the April EDP notification, preliminary accounting data are received directly from the corporation. The second main data source is the financial accounts survey, conducted quarterly by the Bank of Slovenia, which uses accrual accounting basis. Its results are available approximately two months after the end of a quarter.

Table 9 Availability and use of basic source data for other social security funds unit

Available source data	Accounting basis	Periodicity	Availability of results for year T-1		Used for compilation of		
			first results (T+days)	final data (T+months)	WB	B.9	B.9f
Budget reporting							
(1) Current revenue and expenditure							
(2) Current and capital revenue and expenditure							
(3) Current and capital revenue and expenditure and financial transactions							
(4) Balance sheets							
Financial statements							
(5) Profit and loss accounts	accrual	annual	T+120	T+4		x	
(6) Balance sheets	accrual	annual	T+120	T+4		x	x
(7) Cash flow statement							
Other reporting							
(8) Statistical survey	accrual	quarterly	T+40	T+2			x

3.5.2.1 Details of the basic data sources

See Section 3.2.2.1.

3.5.2.2 Statistical surveys used as a basic data source

No other statistical survey in addition to the financial accounts survey (Section 3.2.1.1) is used as a basic data source for the Capital Fund.

3.5.2.3 Supplementary data sources and analytical information

Annual report of the Capital Fund is used as a supplementary data source. It is available approximately seven months after the end of a year.

3.5.2.4 Extra-budgetary accounts

Not relevant. All transactions are recorded in the budgetary accounts.

3.5.3 EDP Table 2D

3.5.3.1 Working balance - use for compilation of national accounts

Data sources from which the working balance (first row of EDP Table 2D) originates are used for non-financial accounts compilation, including Net lending/net borrowing.

3.5.3.2 Legal basis of the working balance

The working balance refers to current deficit/surplus of the ZZZS's and ZPIZ's budgets. The main legal bases for their preparation are provided by the Public Finance Act and the Act on Implementation of the Budget of the Republic of Slovenia. See also Sections 2.2.2.1, 3.2.1.1 and 3.5.1.

3.5.3.3 Coverage of units in the working balance

3.5.3.3.1 Units to be classified outside the subsector, but reported in the working balance

There are no units reported in the working balance that do not belong to the general government sector as defined by ESA 2010.

3.5.3.3.2 Units to be classified inside the subsector, but not reported in the working balance

The only unit of the social security fund subsector that is not reported in the working balance is the Capital Fund. Its impact on net lending/net borrowing of the subsector is included under "Net lending/net borrowing of other social security bodies". The exceptions are capital transfers of the Fund into loss making companies and banks, and the capital transfer of the state budget into the Fund, which are both recorded under "Other adjustments" (see Section 3.5.3.7).

3.5.3.4 Accounting basis of the working balance

The working balance is a pure cash measure. ZZZS's and ZPIZ's budgets revenue and expenditure are shown as pure cash transactions in line with transactions in F.2 (in public accounts F.2 is a balancing item of all revenue and expenditure in balances A, B and C).

3.5.3.4.1 *Accrual adjustments relating to interest D.41, as reported in EDP Table 2D*

There are no accrual adjustments for interest because interest flows are negligible.

3.5.3.4.2 *Accrual adjustments reported under other accounts receivable/payable F.8 in EDP Table 2D*

Other accounts receivable show adjustment for social security contributions as the main revenue of ZZZS and ZPIZ (time lagged by one month), and adjustments for transfers from other subsectors of the general government sector, current international cooperation, miscellaneous current transfers and gross fixed capital formation, which are estimated on the basis of financial accounts data or WGAs.

Other accounts payable include adjustments for intermediate consumption and compensation of employees (time lag by one month), social benefits in cash and in kind, and gross fixed capital formation (in the April notification time lag by one month, in the October notification estimated on the basis of WGAs), and transfers to other sub-sectors of the general government sector and current international cooperation (estimated on the basis of financial accounts data or WGAs).

3.5.3.4.3 *Other accrual adjustments in EDP Table 2D*

There are no other accrual adjustments reported in EDP Table 2D.

3.5.3.5 Completeness of non-financial flows covered in the working balance

There is one adjustment for non-financial transactions not included in the working balance. Its purpose is to correct for the amounts allocated into the Health Budget Reserve Fund but not spent.

3.5.3.6 Financial transactions included in the working balance

There are no adjustments necessary for financial transactions included in the working balance.

3.5.3.7 Other adjustments reported in EDP Table 2D

There are several other adjustments reported in EDP Table 2D, most of them occasional or one-off:

- Removal of statistical discrepancy due to differences in intra-government flows (between ZZZS and ZPIZ).

- Adjustment for purchases of gross fixed capital formation products with financial leasing, estimated with data on stocks of financial leasing loans at the beginning and at the end of the year as provided by financial accounts.
- Adjustments following the court decision in relation to the implementation of the wage system reform in the public sector (in 2013, 2014 and 2015).
- Adjustment to correct for the amounts relating to pensions due in 2013 but paid in 2014 (in 2014).
- Capital transfers of the Capital Fund into loss-making companies (in the 2007–2010 period) and banks (in 2012 and 2013).
- Capital transfer from the state budget into the Capital Fund (in 2011).
- Assumption of debt of the social security funds by the state budget (in 2005),

3.5.3.8 Net lending/net borrowing of social security funds

Apart from the adjustments described above, there is no other adjustment to the working balance before arriving at the net lending/net borrowing of the social security funds subsector.

3.5.4 EDP table 3E

3.5.4.1 Transactions in financial assets and liabilities

Table 10 Data used for compilation of transactions and of stocks of financial assets and liabilities – social security funds

Source data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)														
Other transaction data	x	x	x	x	x		x			x	x			x
Stock data	x		x		x		x			x				
	Calculation of stocks													
Transaction data														
Stock data	x	x	x	x	x		x			x	x			x

The main data source for the compilation of transactions and stocks of financial assets and liabilities is the financial accounts survey (see Section 3.2.1.1). All three units individually report data on stocks and net transactions in the financial instruments as assets or liabilities and also information on the counterpart sector. An important source for the ZPIZ and the ZZSZ (especially for instrument F.8), but available only for the October EDP notification, is also WGAs (see Section 3.2.1.1), used for verification. Several supplementary data sources are also regularly used: banking statistics, investment funds' statistics, international investment positions and balance of payments statistics, and securities statistics. All stocks and transactions that are reported in the financial accounts survey are compared with

supplementary sources and in the case of differences reasons are found and eliminated. All larger and specific transactions are regularly clarified. Due to detail in data sources, no amendment due to consolidation needs to be done. Financial transactions are recorded on accrual basis and at a market value. In the compilation of F.8 assets also supplementary data sources for accrual calculation of social contributions are used. At the final stage of the compilation process transactions with change in stocks are compared and all differences are explained. Details by instruments are provided below.

Assets

- F.2 Financial accounts survey for stocks and transactions, WGAs and banking statistics for verification.
- F.3 Financial accounts survey for stocks and transactions, WGAs and securities statistics for verification.
- F.4 Financial accounts survey for stocks and transactions, WGAs for verification.
- F.5 Securities statistics for stocks for F.511 and F.512, investment funds' statistics for stocks F.52, financial accounts survey for stocks F.513, financial accounts survey a for all F.5 transactions, additional information for special transactions (superdividends, capital injections, etc.).
- F.6 Counterpart information.
- F.8 WGAs and balance sheet data for stocks, financial accounts survey, supplementary data sources for accrual calculation of social contributions.

Liabilities

- F.4 Financial accounts survey for stocks and transactions, banking statistics for verification.
- F.5 Financial accounts survey for stocks and transactions.
- F.8 WGAs and balance sheet data for stocks, financial accounts survey.

3.5.4.2 Other stock-flow adjustments

Not relevant for Slovenia.

3.6 LINK BETWEEN EDP TABLE 2 AND RELATED EDP TABLE 3

The monitoring of the link between the individual adjustments in EDP Table 2 and the related transactions reported in EDP Table 3 is important for the assessment of GFS data quality. It is not expected that the adjustments from EDP Table 2 would be clearly identified in EDPTable 3.

- *First, this is due to different coverage of units, because the adjustments in EDP Table 2 should refer only to the main entity reported in the WB, while transactions in EDP Table 3 reflect the whole subsector.*
- *Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.8 in EDP Table 2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 reported in EDP Table 3 and in financial accounts. For the latter (coverage of transactions), the WB balance as reported in EDP Table 2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.*
- *Third, adjustments/transactions reported in EDP Table 2 are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP Table 3 refer to the whole subsector and they are consolidated.*

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP Table 2, these should be reflected also in financial accounts and EDP Table 3 under the related financial instrument. Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP Table 2 and EDP Table 3.

3.6.1 Coverage of units

With a Government Decree (1998, revisions 2006 and 2013), the Standard Classification of Institutional Sectors according to ESA has been introduced in the Business Register of Slovenia as an obligatory attribute. With this the same register of general government units is used for financial and non-financial accounts compilation and the coverage of units in EDP Tables 2 and 3 is identical.

3.6.2 Financial transactions

Only some financial transactions are included in the working balance and only in the state budget. Each financial transaction in the working balance is analysed and there is usually no inconsistency with information on relevant instruments as provided by the financial accounts survey which is the main data source for financial accounts compilation. Adjustments made to the working balance as reported in EDP Tables 2 are reflected if necessary with corresponding recordings in the financial accounts and in EDP Tables 3. Differences between both tables are due to different coverage of units, due to the accounting basis and coverage of transactions reported in the working balance.

3.6.3 Adjustments for accrued interest D.41

There is no difference in the rows “difference between interest paid and accrued” in EDP Tables 2A and 3B, and 2C and 3D. The basis for these rows are explained in Sections 3.2.3.4.1 and 3.4.3.4.1. No equivalent line is reported for the social security funds subsector as the amounts are negligible.

3.6.4 Other accounts receivable/payable F.8

There are differences in the amounts reported in EDP Tables 2 and Tables 3 under other accounts receivable/payable. In EDP Tables 2, other accounts receivable/payable refer only to the direct budget users. Working balances of these units are on a cash basis and they need to be adjusted to accrual. For other units, their net lending/net borrowing is on accrual basis thus no adjustments are needed. In EDP Tables 3 the same accounts receivable/payable referred to the direct budget user as in EDP Tables 2 are recorded. However, there are additional amounts under F.8 reported in EDP Tables 3 related to other general government units.

3.6.5 Other adjustments/imputations

Methodological adjustments such as superdividends, debt cancellations, court decisions, private public partnership, etc., recorded under the heading “other adjustments” in EDP Tables

2 are reflected in EDP Tables 3 and in financial accounts with identical amounts under the relevant financial instrument.

The related imputations are done in financial accounts by statisticians.

3.7 GENERAL COMMENTS ON DATA SOURCES

There are no general comments on data sources in addition to those provided in the relevant sections earlier.

3.8 EDP TABLE 4

Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.

3.8.1 Trade credits and advances

Data sources on stocks of liabilities in payable trade credits and advances (AF.81L) are WGAs for budget users and public funds, and balance sheet data for corporations. Transactions in trade credits reported in the item “Net incurrence of other accounts payable (F.8)” are consistent with the AF.81 positions shown in Table 4. F.81 transactions are derived as a change in stock position. Using the same data sources for completing both tables ensures consistency between data in EDP Table 3 and Table 4 on trade credits and advances.

Eurostat's decision on the recording of some operations related to trade credits of 31 July 2012 has been implemented for all the subsectors. The trade credits subject to factoring or restructuring without recourse are recorded as short-term loans.

Long-term trade credits liabilities are classified as long-term loans.

3.8.2 Amount outstanding in the government debt from the financing of public undertakings

Not relevant. The Government does not borrow on behalf of public corporations.

4 REVISION POLICY USED FOR ANNUAL GFS

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

4.1 EXISTENCE OF A REVISION POLICY

Revisions to EDP statistics and the underlying ESA 2010 general government accounts follow EDP requirements while assuring at the same time full consistency within whole national accounts statistics framework.

Some components of the general government accounts for year T are first published at the end of February of year T+1 as part of the quarterly GDP estimate. The first full set of general government accounts for year T is published at the end of March and correspond to the April EDP notification and ESA transmissions. For year T they are fully aligned with results published within quarterly GDP one month earlier. At this publication round, statistics for the last four years are open to revision but only of those series that are not GDP relevant. If needed, series that are not GDP relevant are adjusted in order to keep B.9 as calculated within EDP compilation procedure. After the assessment of EDP and ESA general government statistics by the European Commission (Eurostat), tables of EDP Annex 1 and, if needed, also revised ESA general government accounts are published in the third week of April of year T+1.

In September of year T+1 the full set of ESA general government accounts is published for the second time with statistics being fully in line with GDP estimates published at the end of August. At this stage, statistics for years T, T-1, T-2 and T-3 can be revised due to updated data sources, methodological changes, reclassification of units or the correction of identified errors. After the assessment by the European Commission (Eurostat), EDP Annex 1 and, if needed, also revised ESA tables are published in the third week of October of year T+1. Within routine or ordinary revisions, statistics for year T are then revised in March/April and September/October of years T+2, T+3 and T+4.

In deciding on revisions, the question whether or not a revision affects the net lending/net borrowing (B.9, B.9f) does not play a particular role.

4.2 REASONS FOR OTHER THAN ORDINARY REVISIONS

From time to time so-called benchmark revisions are carried out to reflect methodological changes, including changes in national accounts framework, updates in data sources, reclassification of units and corrections of identified errors that were not taken into account within routine or ordinary revisions. In benchmark revisions statistics for the whole period from 1995 on is open to revision.

4.3 TIMETABLE FOR FINALISING AND REVISING THE ACCOUNTS

See Section 4.1.

B. METHODOLOGICAL ISSUES

5 SECTOR DELIMITATION – PRACTICAL ASPECTS

5.1 SECTOR CLASSIFICATION OF UNITS

General government is defined by ESA 2010 §2.111 as "... institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

a. if it is an institutional unit (ESA 2010 2.12 describes the rules according to which an entity can be considered as an institutional unit)

b. if it is a public institutional unit (ESA 2010 §20.18 and MGDD I.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"... According to the list of criteria listed in ESA 2010 §20.309)

c. if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD I.2.4)".

The general government sector includes institutional units that are treated as non-market producers according to ESA 2010. Three main groups of units are distinguished. The first group are direct budget users; they are all included in the general government sector and the same holds true for public funds and for local communes. The second group are those indirect budget users (public service providers) that are according to the 50% criterion classified as non-market producers. The third group are corporations and legal person of private law controlled by general government and identified as non-market producers following the market/non-market test.

Delimitation of the general government sector is regularly maintained. The market/non-market test is performed on an individual level once a year. Decisions on reclassification of units for which the test for usually three consecutive years indicates that they are misclassified, are taken by the Commission for solving controversial cases (composed of SURS, Bank of Slovenia, Ministry of Finance and AJPES) considering also qualitative information. For the public units recognised as market producers according to the market/non-market test, the consideration is based on a buyers' type (to whom products are sold), if the production represents ancillary services, if it competes with other producers.

The Business Register contains the records of all business units. The date of creation is one of basic information kept in the Business Register. When a unit enters the register the institutional sector code is assigned by AJPES. Monitoring and reclassification of institutional sector indication is the responsibility of the Commission for solving controversial cases.

5.1.1 Criteria used for sector classification of new units

For new units, information on market/non-market behaviour is not available when they enter the Business Register, so they are classified into institutional sector based on their legal organisational form, main activity, type of ownership and other information. When accounting

statements are available for them, their sectoral classification is closely checked; if found out to be misclassified, they are reclassified using one year information only.

5.1.2 Updating of the register

The Business Register is updated regularly by data from various registers on business units within five days after data have been changed. When properties of a business unit have been significantly changed in such a way that the institutional sector indication has to be changed, AJPES (the institution that manages the register) often changes the institutional sector code by itself. However, once a year SURS checks if changes in units' control and changes in units' market/non-market activity are reflected in sectoral classification.

Delimitation of the public sector is regularly maintained. Government controlled institutional unit is an institutional unit directly or indirectly controlled by public units. Control is defined as ability to determine the general policy of the unit. There are several indicators to assess control, however in practice indicator ownership is used; a government controlled unit is a unit that is directly or indirectly owned by government units (above 50%). Availability of data on ownership in the Business Register depends on the legal organisational form; for limited liability companies the updated data on ownership are available, for several legal organisational forms only data on owners are available. For joint stock companies data on ownership are obtained from the Central Securities Clearing Corporation.

For the calculation of market/non-market test (i.e. shares of production cost covered by sales), data from accounting statements are used. For indirect budget users the following variables are used: sales of goods and services, other current transfers, capital revenue, rents, cost of sold goods and materials for resale, labour cost, depreciation, cost of material, cost of services, interest. For corporations and legal persons of private law the following variables are used: net sales, increase/decrease in inventories of finished and unfinished production, cost of goods, material and services, value of sold goods purchased for resale, other costs of services, labour costs, depreciation, other costs, interest.

Reclassification of units in the Business Register is implemented after changes are confirmed by the Commission for solving controversial cases.

5.1.3 Consistency between different data sources concerning classification of units

The data source for institutional sector classification for all statistics is the Business Register thus assuring consistency in sector classification between financial and non-financial accounts, statistical surveys and other statistics. The possible inconsistency is caused by different vintages of data compilation and the time lag needed for updating individual databases.

5.2 EXISTENCE AND CLASSIFICATION OF SPECIFIC UNITS

1. Infrastructure companies

The Slovenian Railways Passenger Transport and the Slovenian Railways Infrastructure have been after a reorganisation from one Slovenian Railways unit into four units in 2011 included in the general government sector as non-market producers. Sales are relevant only for the Passenger Transport (approximately 50% of total output by the cost approach), while sales of the infrastructure maintenance unit are marginal (10% of total output by the cost approach).

The Slovenian Railways Head Office and the Slovenian Railways Freight Transport are included in the sector of non-financial corporations.

Public utility companies (ports, airports, roads, etc.) are included in the sector of non-financial corporations as market producers.

2. Public TV and radio

Radio Television of Slovenia is included in the central government subsector and subscription fees are treated as D.59 other current taxes from inclusive 2008 onwards.

3. Universities, schools

Public universities and upper secondary schools are classified within the central government subsector and primary schools are within the local government subsector.

4. Public hospitals

All public hospitals are included in the central government subsector.

5. Specific units involved in financial activities

This section provides more detailed information on some specific corporations included in the general government sector.

- The Slovenian Sovereign Holding (in Slovene: Slovenski državni holding, SDH): in 1993, the Slovene Compensation Fund was established for the restitution of nationalized private property after the Second World War when the restitution was not possible in kind. The fund received part of the value of all social enterprises available for privatization. The process started in 1994 by law. For restitution in cash and when each case was confirmed by court, the fund issued bonds SOS2E (in DEM/EUR at 6% interest rate from 1994 on and with the maturity in 2016). Transaction of this process was in non-financial accounts included in 1995 as a capital transfer to households, in financial accounts the amount was recorded as stock of other accounts payable and each year 6% interest rate was calculated as interest payable. The issuing of SOS2E each year was included in the general government gross debt and as reduction of other accounts payable at the same time.

The same approach was used also for bonds RS21 and RS39 with which the fund settled claims for war damages and for war victims. Initial capital transfer and partly current transfer were recorded in 2001. However, initial amount of other accounts payable was exceeded for RS39 already in 2007 and for RS21 in 2009. All amounts above initially planned value of other accounts payable were from 2007/2009 on recorded as current capital transfer. Amounts of claims below EUR 300 were settled by cash as current transfer.

In 2007 the fund (now under the name the Slovene Compensation Corporation) started to settle investment by individual persons into TELECOM infrastructure. This transaction was in national accounts shown as capital transfer. In 2006–2009 equity injections by the corporation in loss making public enterprises were in national accounts recorded as capital transfers.

In 2011 the state budget supported the corporation with an equity injection and this was in national accounts recorded and consolidated as intra central government capital transfers. In 2012 part of this amount was used for capitalization of Nova Ljubljanska Banka and recorded as capital transfer.

In 2010 the government recognized all payments made by the fund/corporation that were not planned by basic law (RS21, RS39 and TELECOM payments) as claim; relevant amounts were then paid by the state budget in the next five years starting from 2012. In

national accounts this was consolidated as intra central government capital transfer. From inclusive 2009 on, the state budget regularly also refunds all additional payments by the fund/corporation in cash (RS21, RS39, and TELECOM).

In 2014, the Slovenian Sovereign Holding was established, by taking over the powers and obligations of the Slovene Compensation Corporation. The SDH is now responsible for managing and disposal of capital assets held in direct or indirect ownership of the Republic of Slovenia in the name and on the account of the Republic of Slovenia. See also Section 7.5.

- The Capital Fund (in Slovene: Kapitalska družba) was established at the beginning of the privatisation process in 1996 with the purpose to provide additional funds for obligatory pension and disability insurance (or cover part of annual losses of the Pension Social Security Fund). It is 100% owned by the Republic of Slovenia.
- The Bank Assets Management Company (in Slovene: Družba za upravljanje terjatev bank, DUTB) or “bad bank” was set up for reconstruction of banks due to financial crisis. It was established in March 2013 as a government owned corporation in order to purchase non-performing loans and to gradually recover, restructure or liquidate non-performing loans. In 2013 and 2014, DUTB purchased non-performing loans, mostly collateralised, from several banks owned by the Republic of Slovenia, in exchange for cash and bonds. These banks had previously been recapitalised by government. DUTB has the features of a government sponsored defeasance structure, and is classified in the general government sector.

6. Protection funds

The Deposit Guarantee Fund (in Slovene: Sklad za jamstvo vlog) was established in 2016 as a statutory contribution fund according to the EU Directive No 49/2014 and to the Deposit Guarantee Scheme Act. The impact of the fund in financial accounts is on the asset side recorded as F.2; in the non-financial account the impact for the same amount is recorded within resources as D.29.

The Bank Resolution Fund (in Slovene: Sklad za reševanje bank) was established in 2015 under the Bank Resolution Authority and Fund Act. In national accounts, the recording is shown only in the financial accounts, there is no recording in non-financial accounts.

7. Other specific units

Several funds managed by the SID bank are included in the general government sector, namely the Fund of Funds and the COVID-19 Fund of Funds (see Section 6.2.3), and the Contingency Reserves Fund and the Interest Rate Equalisation Programme Fund.

The SID bank itself (the Slovene Export and Development Bank, in Slovene: Slovenska izvozna in razvojna banka) is included in the financial corporations sector¹⁸.

¹⁸ See also Eurostat, 2014: Sector classification of the Slovenian Export Bank according to ESA 2010, available at: <http://ec.europa.eu/eurostat/documents/1015035/6761701/Advice-2015-SI-Sector-classif-SI-Export-Bank-accord-to-ESA-2010.pdf>

6 TIME OF RECORDING

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions). The time of recording is defined in ESA 2010 §1.101. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

6.1 TAXES AND SOCIAL CONTRIBUTIONS

ESA 2010 states that taxes and social contributions are derived from two sources: amounts evidenced by assessments and declarations or cash receipts.

If assessments and declarations are used, amounts should be adjusted by a coefficient reflecting assessed and declared amounts never collected. An alternative treatment foresees recording tax/social contribution revenue on a gross basis and adjusting this amount by a capital transfer to the relevant sectors equal to the amounts unlikely to be collected. If cash receipts are used, the amounts should be time adjusted so that the cash is attributed to the time when the underlying activities, transactions or other events took place to generate the tax/social contribution liability, or when the amount of tax was determined, in the case of some income taxes.

6.1.1 Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA 2010 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

The main data sources for compiling revenue of taxes are the budgets of the state and of municipalities, all cash based and provided by the Ministry of Finance. These sources are complemented by information on import duties, on excise duties, on final settlement of personal income tax and on corporate income tax, all accrual based, and provided by the Financial Administration. For some specific taxes (e.g. radio and television licence fee, compensation for providing public service of management of government stock, payment into the Deposit Guarantee Fund) cash based information is provided by the receiving units. With the exception of the personal income tax (see below), the same sources are used for the first and second EDP notification.

To arrive at a final national accounts estimate, different methods are used:

- The “assessed amounts recorded entirely as revenue, the amounts of taxes unlikely to be collected recorded as capital transfer” method is used for import duties and excise duties. Coefficients for estimating taxes accrued but unlikely to be collected for these taxes are negligible and are based on unpaid and written off amounts in the previous periods (before five years and more).
- The “time adjusted cash amounts which are attributed to the period when the activity takes place” method is used for value added tax (time lag of one month to reflect the delay between the taxable event and the payment), compensation for the use of the building ground (time lag of two months as the tax may be paid in monthly instalments), and revenue from emission trading permits (cash value is time forwarded by one year). For value added

tax, the “assessed amounts recorded entirely as revenue, the amounts of taxes unlikely to be collected recorded as capital transfer” method was used until 2008. In the period between 2008 and the second quarter of 2016 a mixed approach was used: for VAT according to declarations the “time adjusted cash amounts which are attributed to the period when the activity takes place” method with one month time lag, and for VAT on imports the “assessed amounts recorded entirely as revenue, the amounts of taxes unlikely to be collected recorded as capital transfer” method. The second method was abolished with the third quarter of 2016 following the change in legislation that governs the paying of VAT on imports.

- For corporate income tax, cash data from year t are adjusted by deducting assessed final payments for year t-1 (all annual additional payments less refunds of prepaid tax), and adding assessed final payments for year t (all annual additional payments less refunds of prepaid tax).
- For personal income tax, current monthly prepayments are time lagged by one month; to this final annual tax assessed value relating to the reference year is added. In years before 2007, final annual tax values were compiled by the “time adjusted cash amounts which are attributed to the period when the activity takes place” method with payments between May T+1 and April T+2 being recorded in year T.
- All remaining taxes (approximately ten percent of all tax revenues) are recorded on a cash basis (in the 2000–2004 period accrual adjustment was also compiled for capital taxes with negligible effect).

Reimbursements and refunds, interest on late payments and fines are recorded on a cash basis. Interests on late payments are recorded under interest revenue, fines are recorded under miscellaneous current transfers.

The information on taxes is provided by the Ministry of Finance, the Financial Administration or other relevant units. The data for the EDP tables and related questionnaires are compiled by SURS. Final data for year t are generally available 13 months after the end of a year with the availability of final data on personal income tax. For other taxes, final data are available earlier (between three and seven months after the end of a year).

6.1.2 Social contributions

The time of recording of social contributions is defined in ESA 2010 §4.94 as "... the time when the work that gives rise to the liability to pay the contribution is carried out..." for employers and employees social contributions, and as "... when the liabilities to pay are created" for self-employed and non-employed persons.

The data sources for compiling revenue of actual social security contributions are the budgets of the state, of the Pension Social Security Fund and of the Health Social Security Fund, all cash based. The same sources are used for the first and second EDP notification.

Social security contributions paid by employers and employees, and received by the Health Social Security Fund and the Pension Social Security Fund are time-lagged by one month to reflect the delay between the taxable event (work done) and the payment. With these four types, approximately 90% of the total aggregate of social security contributions are covered. Other types of social security contributions are recorded on a cash basis.

To the time adjusted figure, social security contributions unlikely to be collected were added and recorded as a capital transfer until inclusive 2012. From 2013 onwards, amounts unlikely to be collected are no longer added to the time adjusted social security contributions.

Interests on late payments are recorded under interest revenue, fines are recorded under miscellaneous current transfers, both on a cash basis.

The information of budgets' revenue is provided by the Ministry of Finance. The data for the EDP tables and related questionnaires are compiled by SURS. Final data for year t are generally available three months after the end of a year.

6.2 EU FLOWS

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts.

ESA 2010 paragraphs 20.294-20.300 foresee that when non-government units are beneficiaries from EU grants, all the flows to and from government should be recorded as financial transactions, without any impact on government net lending/borrowing (B.9).

When final beneficiary is a government unit, the neutrality of EU flows is ensured by matching the time of recording of government revenue from the EU and the time of recording of the government expenditure covered by the EU grant.

The ESA 2010 Manual on government deficit and debt Chapter 2.6 “Grants from and contributions to the EU budget” provide further details concerning the recording of these flows.

6.2.1 General questions

All flows receivable from the EU (Structural Funds, Agricultural Funds, etc.) including advance payments from the EU are first recorded in special bank accounts (state budget account and account of the Slovenian Regional Development Fund) set exclusively for receiving EU funds until expenditures are certified by the national authority. Inflows of cash in the special bank accounts are thus not reflected in the working balance. In national accounts advance payments received from the EU budget are recorded only in financial accounts as F.89 payable and offset changes in the special bank account recorded as F.2.

In the state budget (in the working balance) EU funds are recorded as revenue only when the relevant documentation for each EU project (expenditure) is presented and duly completed (i.e. expenditure from EU projects is certified by the national authority). Therefore, revenue and expenditure are matched together but not at the same time.

The key steps in the process to be completed before certification are: signing of the contract, implementation of the project (i.e. when the expenditure is made), transmission of the invoice, the competent ministry receives the project documentation, the ministry makes the payment from the state budget (at the same time the expenditure is recorded), transmission of the claim request, the national authority certifies expenditure (confirms its eligibility), and transfer of cash from the special bank account (at the same time the revenue is recorded in the working balance).

The Ministry of Finance is the key data source on EU flows since all expenditure financed by the EU budget transit via the state budget. All transactions reported by the Ministry on EU flows can be identified in detail for the national accounts purposes: EU flows receivable by type and by final beneficiary (government, non-government). This enables the neutralization of

differences between the revenue and the expenditure flows, and the exclusion from general government accounts of all flows where non-government units are final beneficiaries of EU funds.

Detailed data on EU funds expenditure at the local government level are not available and EU funds at this level are not neutralised; EU funds are recorded on a cash basis with no accrual adjustment. However, municipalities receive the money from the state budget only one day before they have to pay to the subcontractor. Therefore, there is no inconsistency in the consolidation between central and local EU flows recording.

Accrual adjustment relating to EU flows neutralization in EDP Table 2A is made under “other accounts receivable (+)” because according to the system set in Slovenia there are only receivables to the EU budget. By taking into account also EU financial corrections as an important adjustment of EU funds reimbursements, also stocks of payables were recorded but in very rare cases. Only in 2021 there are also payables recorded in EDP Table 2A; they relate to adjustment for neutralization of funds from the Recovery and Resilience Facility.

Financial corrections regarding EU funds are recorded within “other adjustments (+/-)” in EDP Table 2A (see Section 3.2.3.7), treated in the same manner as court decisions. The correction is done from 2010 on, based on data provided by the Ministry of Finance (for Cohesion Policy) and the Agency for Agricultural Markets and Rural Development (for Agricultural Policy). In the case of reimbursement of funds to the EU, the financial correction should be recorded at the time of the decisions agreed by the Commission (MGDD 2019, section 2. 6.1.2.4, paragraphs 47–49). For Cohesion Funds, Commission decisions are not available due to the procedure within shared management of EU funds. It is national responsibility to detect and correct irregularities within the system. The majority of EU funds in Slovenia follow this procedure.

The Ministry of Finance also provides all data sources on payments into the EU budget (traditional own resources, VAT payments and GNI contribution). The adjustment for GNI and VAT contributions (the third resource) are recorded within “other accounts payable (-)” in EDP Table 2A.

6.2.2 Cash and Schengen facility

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

Funds from the Schengen Facilities were received from the EU in the 2005–2007 period and the recording in national accounts followed the general EU flows recording (see Section 6.2.1). Funds from the Cash-flow Facility were received in the 2004–2006 period and the amounts were recorded as revenue in the years in which they were received.

6.2.3 EU financial instruments

The EU has been providing measures of financial support from EU structural and investment funds ‘financial instruments’ (FI). These instruments may be ‘equity or quasi equity investments, loans or guarantees’ and they are intended to support activities that will generate income, or result in saving on future expenditure. Unlike grants, they do not constitute a gift to the final recipient, which will typically be a small or medium-sized enterprise (SME) since, under normal circumstances, the funds are expected to be repaid to the creditor and produce

a return on the investment (such as interest on the loan, or profit on subsequent sale of equity). EU legislation allows for a choice on how the financial instruments are implemented nationally: the Implementing Authorities can choose whether to assign the implementing task to a newly created entity or contract out the management to the EIF/EIB or to existing financial institutions.

The Fund of Funds (see Section 5.2) was set up in 2017 to deploy EU financial instruments. It is included in the general government sector as the government provides its guarantees. The recording in government accounts follows Eurostat's guidance on recording EU financial instruments: an F.8 liability to the EU and an F.4 asset in the financial accounts, expenditure on fees as D.7 expenditure, and any write-off as D.9 in non-financial accounts and a decrease F.8 liability in financial accounts. The impact on B.9 is neutral. The same holds true for the COVID-19 Fund of Funds, set up in 2020.

Jeremie/Jessica programmes are not implemented in Slovenia.

6.2.4 Market regulatory agencies

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

There are no market regulatory agencies in Slovenia.

6.3 MILITARY EXPENDITURE

The ESA 2010 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered.

ESA 2010 paragraphs 20.190–20.192 define the rules for the statistical recording of military equipment. Chapter II.5 in Part II of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

6.3.1 Types of contracts

Until inclusive 2011, part of military equipment was purchased by so-called Basic Development Programmes (in Slovene: Temeljni razvojni programi, TRP 1, 2 and 3). According to this arrangement the working balance of the state budget showed TRP loans repayment as current transaction (intermediate consumption) and this was in EDP Table 2A excluded as financial transaction and replaced with figure on delivery of equipment in the period (see Section 3.2.3.5). Within TRP, trade credits were used only at the beginning (until 1996) and later all TRP purchases were based on loans. All relevant data were available to SURS from the Ministry of Finance.

In recent years (from 2018 on), prepayments are made for new armoured vehicles scheduled for delivery after 2020 and included as current expenditure in the state budget. In national accounts, this is excluded as financial transaction and replaced with figure on actual delivery of equipment when it takes place.

Data sources used for the compilation of military equipment expenditure are the state budget statement, annual accounting statement, including WGA, of the Ministry of Defence, and the investment survey data reported by the Ministry of Defence.

Prepayments are treated in national accounts as long-term loans (F.42 assets) and reported as such in Table 7 of the Questionnaire related to EDP.

6.3.2 Borderline cases

There are no borderline cases relating to classification of military expenditure.

6.3.3 Recording in national accounts

Military expenditure is recorded in national accounts according to the accrual principle, at the time of delivery. Prepayments are recorded as long-term loans (assets).

6.4 INTEREST

This part aims at describing accrual adjustment for interest. ESA 2010 paragraph 20.178 reads: "*In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding*". ESA 2010 MGDD part 2, chapter 2.4 is dealing with some practical aspects of the recording of interest.

6.4.1 Interest expenditure

Data on interest expenditure for main units of each subsector are available in their budgets' statement (for the central government subsector in the state budget statement, for the local government subsector in the municipalities' budget statement, for the social security fund subsector in the budget statement of both main units, ZPIZ and ZZZS). Thus, all interest expenditure of the main units are on a cash basis recorded in working balances of EDP Tables 2A, 2C and 2D. In addition, the Ministry of Finance provides for the state budget data on interest payable by instrument on both cash and accruals basis each quarter.

For other government bodies data on interest expenditure are available in their annual accounting statements with the accounting basis based on a type of a unit (cash for indirect budget users and public funds, accrual for corporations and legal persons of private law, see Section 3.2.2.1).

Table 11 Availability and basis of data on interest

Instrument	S.1311		S.1313		S.1314	
	State	OCGB	main unit	OLGB	main units	OSSB
Deposits (AF.2)	C/A	L	M	M	M	M
Debt securities (AF.3)	C/A	A	M	M	M	M
Loans (AF.4)	C/A	A	C	A	C	A
Other accounts receivable (AF.8)	L	L	L	L	L	L

C cash; A accrual; M not applicable; L not available

OCGB Other central government bodies; OLGB Other local government bodies; OSSB Other social security funds bodies

For the central government subsector, the following adjustments are made to the values in the working balance of the state budget to arrive at the total value of interest expenditure:

- Adjustment for discount and premiums on government securities that are in working balance recorded at inception, included under “financial transactions included in the working balance”, see Section 6.4.4.
- Accrual interest adjustment, included under “difference between interest paid (+) and accrued (D.41)(-)”, see Section 3.2.3.4.1.
- Several adjustments from swap operations, recorded under “financial transactions included in the working balance” or “other adjustments reported in EDP T2A” (see Section 7.7).
- Interest paid for EFSF loan and accrual adjustment for EFSF interest: the former is recorded under “other adjustments reported in EDP T2A” (see Section 3.2.3.7), the later under “difference between interest paid (+) and accrued (D.41)(-)” (see Section 3.2.3.4.1). Data sources are provided by the European Commission (Eurostat).
- Interest expenditure of other central government bodies, included under “net lending(+)/net borrowing(-) of other central government bodies”, see Section 3.2.3.3.2.
- Interest expenditure adjustment from energy performance contracts (see Section 7.20).
- FISIM on loans.

For the local government subsector, the following adjustments are made to the value of interest expenditure as included in the working balance of the municipalities’ budgets to arrive at the total value of interest expenditure: accrual interest adjustment (see Section 3.4.3.4.1), interest expenditure of other local government bodies (see Section 3.4.3.3.2), and interest expenditure adjustment from private public partnerships and energy performance contracts (see Sections 7.6 and 7.20, respectively).

For the social security funds, no adjustments are made to values as recorded in the basic data sources (budget statement of the main units and annual accounting statement of the Capital Fund).

6.4.2 Interest revenue

Data sources on interest revenue are the same as on interest expenditure (see Section 6.4.1.).

For the central government subsector, the following adjustments are made to the value of interest revenue as included in the working balance of the state budget to arrive at the total value of interest revenue: EZR interest revenue from deposits in banks (see Section 3.2.3.5), interest received from the EFSF and accrual adjustment for EFSF interest (see Sections 3.2.3.7 and 3.2.3.4.1), interest revenue of other central government bodies (see Section 3.2.3.3.2), and FISIM on deposits.

For the local government subsector and the social security funds subsector no adjustments are made to values on interest revenue as recorded in the basic data sources (budget statement of the main units and annual accounting statement of other bodies).

6.4.3 Consolidation

In the compilation of gross Maastricht debt, all holdings of debt instruments of general government units by other general government units within and between subsectors are identified (see also Section 3.1.1.4). This information together with average interest rates are used as data sources for consolidation of interest. Consolidation has no impact on B.9.

6.4.4 Recording of discounts and premiums on government securities

Flows associated with premiums and discounts on government securities enter the working balance of EDP Tables 2 on a cash basis (they are relevant only for the state budget). These cash flows are neutralised under “other financial transactions”. Premiums and discounts are spread over the life of an instrument. Premiums are treated as negative expenditure and discounts are treated as expenditure. The net annual accrued amount is reported in the row “difference between interest paid (+) and accrued (EDP D.41)(-)”. Repayment of discount is identifiable from repayments of debt.

6.4.5 Recording of interest accrued on intergovernmental loans in dispute and interest accrued on intergovernmental loans unlikely to be repaid

Not relevant. There are no intergovernmental loans in dispute or unlikely to be repaid.

6.5 TIME OF RECORDING OF OTHER TRANSACTIONS

Information on time of recording of other transactions is provided in other sections of this document.

7 SPECIFIC GOVERNMENT TRANSACTIONS

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA 2010), 2019 edition¹⁹.

7.1 GUARANTEES, DEBT ASSUMPTIONS

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In the case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt, as well as of deficit. The accounting rules are explained in the Chapter 7.4 on Government guarantees of the ESA 2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

7.1.1 Guarantees on borrowing

7.1.1.1 New guarantees provided

Guarantees are issued only on the basis of law. They do not constitute real liabilities but only contingent liabilities on the part of the government.

Two types of guarantees are issued: first based on general guarantee acts and second on special guarantee acts. General guarantee acts are intended for a larger number of recipients of government guarantees. Such laws define: the procedure for issuing a guarantee, the procedure for liquidation of guarantees and the recovery procedure. Special guarantee laws are intended for a specific recipient of a guarantee. In such laws the essential conditions of the state guarantee, the name of the recipient and the amount of the guarantee are defined. Under a special law, a guarantee is usually granted to a public sector legal entity, or a legal entity acting in the public interest. Examples of such a guarantee are all guarantee laws relating to DARS (see Section 7.8).

Accounting records on government guarantees are kept by the Ministry of Finance. The balance of guarantees is kept off-balance sheet in a way that shows the balance of drawn and unpaid principal. Information is made public and includes stocks on different aggregated levels, but not on individual basis.

For national accounts purposes, the Ministry of Finance annually provides information on stock of issued guarantees, new guarantees provided since the previous reporting, guarantees called, repayments of guarantees called, and on fees, for each individual guarantee scheme and by institutional sector of beneficiaries or individually by beneficiaries (in the case of guarantees under a special guarantee laws). For guarantees provided by municipalities, aggregated data are provided annually by the Ministry of Finance. Guarantees are treated following Chapter 7.4 on government guarantees of the ESA 2010 Manual on government deficit and debt.

¹⁹ <https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/manuals>

7.1.1.2 Treatment of guarantees called

In public accounts, guarantees called are shown as financial transactions in balance B of the state budget and the municipalities' budgets. Fees are included in the working balance.

In national accounts, guarantees called are recorded as capital transfer expenditure. Fees are recorded as payments for non-market output (P.131). Guarantees being systematically called three years in a row lead to a debt assumption: the whole outstanding amount of debt guaranteed though not yet called at the end of a third year is recorded as a capital transfer for the total amount. In EDP Tables 2A and 2C, guarantees called are shown net (i.e. repayments are deducted) within other adjustments.

7.1.1.3 Treatment of repayments related to guarantees called

In public accounts, repayments of guarantees called are recorded as financial transactions in balance B of the state budget and the municipalities' budgets.

In national accounts, repayments by debtors are recorded as negative capital transfer expenditure.

7.1.1.4 Treatment of write-offs by government in public accounts of government assets that arose from calls

Not relevant.

7.1.1.5 Data sources

See Section 7.1.1.1.

7.1.2 Guarantees on assets

Not relevant.

7.1.3 Standardized guarantees

Two guarantee schemes are treated as standardized guarantee. The first one is based on the Act Determining the Intervention Measures to Contain the COVID-19 Epidemic and Mitigate its Consequences for Citizens and the Economy: borrowers may requested a deferral of loan obligations payments from commercial banks that provided the loans. Then the Republic of Slovenia provided a guarantee to the said banks for the payment of deferred loan obligations. The second one is based on the Act Providing Additional Liquidity to the Economy to Mitigate the Consequences of the COVID-19 Epidemic: the Republic of Slovenia provided a guarantee to commercial banks in relation to loans, which the banks provided to business subjects. The eligible loans were limited to no longer than five years and to cover only main economic activity of borrowers.

The schemes are managed by the SID Bank, which is the data source for the stocks and transactions. Expected loses are estimated by the banks.

7.2 CLAIMS, DEBT CANCELLATIONS AND DEBT WRITE-OFFS

Providing loan capital is generally a financial transaction not impacting the net borrowing/net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA 2010 and further clarified in Chapter 3.2 on Capital injections and Chapter 7.2 on Debt assumption and cancellation of the ESA 2010 Manual on government deficit and debt.

7.2.1 New lending

The central government units that grant loans are the Republic of Slovenia (loans to Greece and to the European Financial Stability Facility), the Ministry of Economic Development and Technology, Single Treasury Account, some extra budgetary funds (Slovenian ECO Fund, Slovenian Dwellings Fund, Slovenian Regional and Rural Development Fund, etc.) and the Bank Assets Management Corporation. They grant short-term and long-term loans to different beneficiaries: corporations, households, other government sub-sectors and foreign countries. At the local and social security level lending is negligible.

In data sources for financial accounts compilation, data on net transactions and on stocks are available by all general government units and by receiving subsectors, including intra-government lending. On annual basis additional information on new lending and repayments are obtained from all government units that granted loans thus enabling completion of EDP Table 3 in Annex 1 and Table 8 in Annex 3. Supplementary data are collected also on non-performing loans.

In general, loans granted are considered as financial transactions.

7.2.2 Debt cancellations

Data on debt cancellation are provided annually by all units at the central government level that granted loans, with the exception of DUTB, which provides data on a quarterly basis. In national accounts, debt cancellation is thus recorded based on a decision of public accountants. The only instance for recording on the basis of a decision of statisticians is for loans given in the context of COVID-19 measures: an estimation of a potential loss was calculated in the amount of 10% of total amount granted and recorded as D.99 capital transfer.

At the local and social security levels the information is not available due to negligible lending.

In non-financial accounts debt cancellations are recorded as capital transfer and in financial accounts in F.4 loans.

7.2.3 Repayments of claims

In general, repayments of claims are recorded as financial transactions in ESA 2010 accounts.

Up to now there have been cases of repayments of claims that were previously cancelled and recorded as a capital transfer expenditure only by DUTB. Details of these transactions are provided by DUTB on a quarterly basis. The receipts are recorded as capital transfer received.

7.2.4 Debt write-offs

Debt write-offs are not relevant.

7.2.5 Sale of claims

There have been some cases of sales of claims/bad loans only by DUTB. Details of these transactions are provided by DUTB on a quarterly basis. Loans are sold at fair/market value and recorded as financial transactions in F.4. The difference between sale price and nominal value is recorded in the revaluation account.

7.3 CAPITAL INJECTIONS IN PUBLIC CORPORATIONS

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA 2010 paragraphs 20.197-20.203 and clarified in the Chapter 3.2 on Capital injections of the ESA 2010 Manual on government deficit and debt. These chapters devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD 3.2.3.2.2.

Capital (equity) injections are in the state budget and in the municipalities' budgets recorded in balance B under “acquisition of equities”. Individual unit level data on capital injections are available on request from the Ministry of Finance and are checked by SURS with the accounting data. For companies with current losses, equity injections are in national accounts treated as capital transfer.

At the central government level a capital injection test is applied for all amounts. At the local government level amounts of equity injections are negligible; nevertheless, the capital injection test is applied for all capital injections exceeding EUR 0.1 million.

Capital (equity) injections are provided also by the Slovenian Sovereign Holding and the Capital Fund. Unit level data are obtained directly from these units.

7.4 DIVIDENDS

The accounting rules are set out in ESA 2010 paragraphs 20.205-20.207. It is recalled, that the ESA 2010 Manual on Government Deficit and Debt chapter 3.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as superdividends, i.e. transaction in shares and other equity (a capital withdrawal). It also sets out that the resource available for distribution by a unit (a corporation) is the distributable income of the unit, as defined in the ESA 2010, paragraph 4.55.

Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA 2010 table 2 and table 8 within “other property income” category, and the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the national central bank, and amounts received from other public corporations.

Data on revenue from dividends and withdrawals from profits of corporations are available separately in the state and the municipalities’ budgets balance A, showing separately revenue received from the central bank, non-financial corporations and financial corporations. In addition, the Ministry of Finance provides unit level data (i.e. by each paying unit) on the amounts of profits’ withdrawals or dividends received by the state budget. For municipalities with the revenue from dividends exceeding EUR one million, additional information on paying units is obtained and superdividend test applied to payments above EUR 0.1 million.

The superdividend test is conducted by SURS throughout a year when the relevant information becomes available. The data sources used are information from the budgets, and from annual reports and annual accounting statements of the paying units. Possible superdividend is estimated as a difference between total withdrawals and profit after tax in a previous year, and taking government’s share in ownership into account.

Cases of interim dividends have not been identified so far.

7.5 PRIVATISATION

The accounting rules are set out in ESA 2010 paragraphs 20.210-20.213. The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter 5.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters 5.3 and chapters 5.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter 5.3.1 of the ESA 2010 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set-up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to organise the privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity been considered as taking place on behalf of the government?

For restitution of nationalized private property after the Second World War, see Section 5.2.

The Slovenian Sovereign Holding is responsible for managing and disposal of all assets of the Republic of Slovenia in the name of the Republic of Slovenia and for the account of the Republic of Slovenia. It is classified in the general government sector (see Section 5.2).

Privatisation proceeds are included in the state budget and in the municipalities' budgets as a financial transaction (Balance B) and have no effect on deficit/surplus in the working balance.

Transactions in equity due to privatisation are recorded on an accruals basis in the financial accounts. Privatisation with the cash being paid in tranches has not yet happened in practice.

7.6 PUBLIC PRIVATE PARTNERSHIPS

The term “Public-Private Partnerships” (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific “dedicated assets”, such that the non-government unit builds a specifically designed asset to supply the service. The accounting rules are set out in ESA 2010 paragraphs 20.276-20.282 and clarified in the Chapter 6.4 of the ESA 2010 Manual on government deficit and debt.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner's assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in Chapter 15 of ESA 2010.

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: “construction risk” (covering events like late delivery, respect of specifications and additional costs), “availability risk” (covering volume and quality of output) and “demand risk” (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or if government assumes the risks through another mechanism, (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

The national term public-private partnership includes various forms of cooperation between the public and private sectors. As a public-private partnership in national accounts, those contractual relationships between a public and a private partner are considered where:

- Contracts are long-term (at least 10 years).
- The contractual relationship includes investments in fixed assets (e.g. kindergarten, road, school, hospital) purchased, built or renovated by a private partner.
- The private partner provides services with fixed assets (which relate to a concession contract), which are regularly paid for by the public partner and not by other sectors (households, companies).

- After the end of a contractual relationship, the assets usually become the property of the public partner.
- The public partner pays for the services of the private partner, usually directly, but also indirectly (e.g. a municipality provides funds to a public institution for the payment of services).

PPPs are not common and they are usually at the local government level. There are no specific units established to deal with the PPPs. The information on PPPs is collected by SURS with the investment survey. Identified PPPs are reported in business accounting as operational lease and investment expenditure as off balance. Therefore, the financial lease is imputed and included in the general government accounts.

For now, all PPPs are included on government balance sheet.

7.7 FINANCIAL DERIVATIVES

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: *Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income.*

ESA 2010 paragraph 20.133 specifies the treatment of so called off market swaps: *“Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, ‘at-the-money’ swap component.”*

7.7.1 Types of derivatives used

Derivatives used at the central government level are cross currency swaps, interest rate swaps and interest rate swaptions. Local government units and social security funds do not use financial derivatives.

7.7.2 Data sources

Data sources on all derivatives are provided quarterly by the Ministry of Finance; they contain detailed data by each derivative contract and by each individual transaction. The Ministry also provides information about swap novation and exercise of swaptions for analysing the impact on the Maastricht debt and for the imputation of interest expenditure.

7.7.3 Recording

Off-market swaps are recorded according to the provisions of the MGDD. An off-market swap is divided into two parts: a par swap and a long-term loan (AF.42). The subsequent flows

exchanged during the life of the contract are portioned among an amortisation of the loan (F.42), imputed interest and the remaining part recorded as transactions under financial derivatives (F.71).

According to ESA 2010 (para 4.47), the interest accrued on the bond has to be calculated before swap conditions. The working balance of the state budget includes interest after swap and therefore an entry is needed to adjust this figure to get to interest before the swap. In EDP Table 2A adjustments for cross-currency swaps are shown within "Financial transactions included in the working balance" under the row "of which: net settlements under swap contracts". There is also an impact on EDP Table 3; the payment of interest (after swap) is reflected as an input decreasing AF.2 asset. B.9 correction arising from the difference between interest before and after the swap is also shown in F.71.

Net settlement payments under interest rate swap contracts are included in the working balance of the EDP Table 2A and neutralised under the row "of which: net settlements under swap contracts (+/-)", thus not affecting government balance.

No threshold for recording swap operations in national accounts is applied.

7.8 PAYMENTS FOR THE USE OF ROADS

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.

Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

The vignette system has been in place since 1 July 2008 for all personal vehicles and/or vehicles with the maximum permissible weight up to 3.5 tonnes. An exception to the system is the toll for the Slovene-Austrian Karavanke tunnel, which is paid separately. The vignette enables a time-restricted use of motorways and expressways, and is not subject to the amount of kilometres driven. At the beginning, the choices regarding the length of time were rather restrictive with only one year and half a year vignettes (only for motorcycles); later on, in 2009, also one month and one week vignettes were introduced thus allowing sufficient choice. For vehicles whose maximum permissible weight exceeds 3.5 tonnes, the tolls are also charged for the use of motorways and expressways, and the amount is subject to the length of each individual section and vehicle properties. Before 2008, such system was in place also for personal vehicles and/or vehicles with the maximum permissible weight up to 3.5 tonnes.

In national accounts income from tolls/vignette is treated as a market revenue. It is collected by the Company for Motorways in the Republic of Slovenia (in Slovene: Družba za avtoceste v Republiki Sloveniji, DARS). It is 100% owned by the government and classified as a non-financial corporation (S.11 sector). The company is also responsible for construction and maintenance of motorways and expressways of Slovenia.

7.9 EMISSION PERMITS

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty, which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases. Emission quotas (known as "Assigned amounts", AAUs) were agreed by each participating 'Annex 1' country,

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU's central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

The ESA 2010 MGDD part 6, chapter 6.5 is dealing with the statistical recording of the emission trading allowances.

Trading with emission permits via general government started in 2012. According to the Environmental Protection Act, the SID Bank (see Section 5.2) is authorised to act as the official auctioneer at emission allowance auctions in the name and on behalf of the Republic of Slovenia. In auctions organised by the joint auctioning system of EU Member States (the European Energy Exchange), the SID Bank sells emission allowances on behalf of the Republic of Slovenia and transfers the proceeds to the account of the Republic of Slovenia. In the state budget, proceeds are recorded in balance A under "Proceeds from sales of property rights and other intangible fixed assets" and are earmarked as revenue of the Climate Fund (see Section 3.2.3.5).

In national accounts, proceeds are recorded as other tax on production (D.29). Its accrual value in the period from inclusive 2016 on is calculated by time-forwarding cash value by one year. The difference between accrual and cash value is recorded as F.89 payable. For the 2012–2015 period, the recording is different (accrual value is calculated by summing up data from May year t to April year $t+1$, when the coupons for the year t are to be submitted) and will be aligned with the recording for the current periods in one of the next revision rounds.

7.10 SALE AND LEASEBACK OPERATIONS

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a "true sale" (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government's balance sheet.

MGDD part 6, chapter 6.2 is dealing with sale and lease back operations

Not relevant for Slovenia.

7.11 SECURITISATION

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose

vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. In addition, if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

ESA 2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part 5, chapter 5.5 is dealing with securitisation operations.

Not relevant for Slovenia.

7.12 MOBILE PHONE LICENSES

The receipts of government following the allocation of mobile phone licenses to operators are to be recorded as rent (D.45) over the whole time of the licence.

In cases when licenses are sold in advance of their actual availability, any prepayment collected by government should be recorded as other accounts payable (F.8).

The ESA 2010 MGDD part 6, chapter 6.1 is dealing with the sale of mobile phone licenses.

Since 2000, there have been six instances of sale of UMTS licences in Slovenia (2001, 2006, 2013, 2014, 2016 and 2021). In the state budget, revenue from sales is shown as a concession income.

In national accounts, cash received by the state budget in a year is excluded and treated as a financial transaction. Instead, a revenue of rent from natural resources (D.45) is imputed throughout the lifetime of the licence, calculated for each year by dividing the total value of the licence sold with the length/years of the licence's validity (see also Section 3.2.3.4.2). Such recording was introduced in the April 2018 EDP notification for the 2014–2017 period and for the 2001–2016 period with the 2019 benchmark revision. Previously, revenue from UMTS licences was recorded as a disposal of non-produced assets with the effect on B.9 at the time the licence was allocated.

There has been one case when mobile phone licenses were sold ahead of their availability (in 2014). Prepayments collected by government were recorded as other accounts payable as explained above.

7.13 TRANSACTIONS WITH THE CENTRAL BANK

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes may generate capital gains for central banks, which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions.

It also proposes to apply the rules on capital injections when government makes a payment to the central bank. Such payments by government may be made to cover losses made by the central bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses cannot be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

As stipulated by the Bank of Slovenia Act, part of annual surplus excluding capital gains of the Bank of Slovenia (the central bank) is transferred to the state budget. In national accounts, this is treated as a property income and is subject to a superdividend test.

7.14 LUMP SUM PENSION PAYMENTS

ESA 2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA 2010 MGDD and debt Part 3.6 Impact on government accounts of transfer of pension obligations.

Not relevant for Slovenia.

7.15 PENSION SCHEMES

The national pension system includes old age pensions, disability pensions, survivors' and widows pensions, anticipated old age pensions, partial pensions and early retirement pensions.

There is one social security scheme and several defined contribution schemes:

- The main pension and disability insurance is the social security scheme managed by the Pension Social Security Fund. The scheme is imposed, controlled and financed by government units. Participation in the scheme is compulsory for all employees in the country (employed, self-employed and other persons with earnings on a regular basis). All other persons can join insurance on a voluntary basis. The benefits include pensions and other benefits. The scheme is established by the law and financed from social security contributions. The difference between expenditure and income from social contribution is paid from the state budget. The amount of pension depends on age, gender and pension qualifying period.
- In 2000 several pension schemes were introduced by insurance companies or pension funds. In general, all these schemes are supplementary and taken voluntarily on the private initiative except for the closed mutual fund for civil servants and the compulsory supplementary pension insurance. The government provides the licenses to carry out the pension schemes and encourage citizens to join such insurance (premiums are tax relief).

7.16 REARRANGED TRANSACTIONS

Not relevant. There are no cases of rearranged transactions.

7.17 DECOMMISSIONING COSTS

There is a decommissioning fund, the Fund for Decomposition of Nuclear Power Plant Krško (in Slovene: Sklad za financiranje razgradnje NEK in za odlaganje radioaktivnih odpadkov iz NEK), classified in the general government sector. The owner of the Slovenian half of the Nuclear Power Plant Krško (GEN energija, classified in S.11001) pays contributions to the fund.

The contributions paid are used for different purposes: for decommissioning, to finance the Agency for Radioactive Waste (classified in S.13), and to pay compensations for restricted use of the land.

The contributions paid for decommissioning enter only financial account as F.8 and the property income is neutralised. The amounts of contributions corresponding to actual expenditure to finance the Agency for Radioactive Waste and to compensations are recorded as other tax on production.

7.18 INCOME CONTINGENT LOANS

Not relevant. There are no income contingent loans.

7.19 CONCESSIONS

There are concession contracts relating to public infrastructure. A comprehensive data source does not exist and concession contracts and concessions are not regularly assessed. The economic owners of concession assets are concessionaires.

In the past (before 2016) there were guarantees covering more than 50% of construction costs (DARS concession contract). There are no other cases where the government would finance the majority of cost or cases where the government provides minimum revenue guarantee.

7.20 ENERGY PERFORMANCE CONTRACTS

On 19 September 2017, Eurostat published the Guidance note on the recording of energy performance contracts in government accounts and on 8 May 2018, Eurostat published, in cooperation with the EIB, the Guide on statistical treatment of EPCs.

Data in relation to energy performance contracts were included in EDP tables for the first time with the April 2018 EDP notification. The data series starts in 2016 as no such contracts had been detected before that year. The impact is reported under other adjustments in EDP Tables 2A and 2C (see Sections 3.2.3.7 and 3.4.3.7), and in Tables 3B and 3D.

The Ministry of Finance and the Ministry of Infrastructure are the primary sources of information on EPC contracts at the central and local government level. Additional information on contracts is obtained by individual public partners, mainly about the stage of the contract. All relevant information on contracts is thus obtained (value, assets, length, phases) to determine the recording. As a prudential approach and in view of the burden with analysing each contract involved in detail, all investments related to energy performance contracts are recorded on government balance sheets.

There are two phases in the project, the first starts when the contract is signed and the second with the beginning of regular payments by the government (public partner) to a private partner. The start of the second phase is also the time when the impact on general government net lending/net borrowing and debt is recorded through imputed loan for private partner's capital expenditure. In business accounting, part of total expenditure made by the government is already reported as operational lease and investment expenditure. Therefore, in national accounts the financial lease is imputed and included in the general government accounts.

No contracts combined with factoring have been identified.