

The Swedish approach to consolidation of municipalities annual accounts

Corresponding author:

Giuseppe Grossi

Docent in International Public Management and Accounting

School of Health and Society

Kristianstad University, Sweden

E-mail: giuseppe.grossi@hkr.se

Associate Professor in Public Management and Accounting

Department of Business and Social Studies

University of Siena, Italy

E-mail: grossi@unisi.it

Johannes Karlsson

Associate, PwC

S:t Persgatan 95

2319 600 02

Norrköping, Sweden

Mathias Nilsson

Revisor, KPMG AB

Järnvägsgatan 18

252 78

Helsingborg, Sweden

Pernilla Broberg

PhD Candidate

Department of Business Administration

School of Economics and Management

Lund University, Sweden

Abstract

The New Public Management (NPM) has made the public sector go through a period of privatization and externalization which has affected the method of accounting of municipalities, from cash to accrual accounting. The NPM has also resulted in a mix of private and public sector that makes the matter of consolidation of municipal groups complicated because of the municipalities' use of public sector accounting standards and the municipal companies' use of private sector accounting standards.

In Sweden, the Swedish Council of Municipal Accounting (SCMA) has the task of producing recommendations concerning the accounting of municipalities so that the goal of the "true and fair" view of the municipalities' is met. In 2009, the SCMA produced the recommendation 8.2 (RKR 8.2) containing guidelines concerning consolidation of the municipal group. The purpose of this article is to investigate the use of RKR 8.2 and what kind of municipality is more inclined to use the recommendation. This question shall be answered by a quantitative, document study of the annual reports of Swedish municipalities from 2009 together with the Stakeholder Theory and the Positive Accounting Theory.

The result of the article shows that the municipalities that are more inclined to implement the RKR 8.2 and to implement it to a larger degree are municipalities of a larger size, with a high performance, with a high tax income and with large municipal companies.

Still, the document study shows that only 50 out of 276 municipalities have implemented the recommendation of SCMA. To increase the implementation and use of the recommendations of SCMA we suggest merger of municipalities as larger municipalities, for different reasons, have implemented the recommendation to a larger degree than smaller ones.

Keywords: Consolidation, Municipalities, Municipal Corporations, Swedish Council of Municipal Accounting, RKR 8.2

Introduction

Accounting should be seen as a picture which neutrally and objectively records the facts about what has happened in an organization over a particular period of time (Timoshenko & Adhikari 2009), to give a true and fair view. How the objective of a true and fair view should be reached is a problem especially in the public sector because it is fairly complex and has a variety of objectives stretching from financial to non-financial objectives. The New Public Management (NPM) has increased the need for efficiency and effectiveness in the public sector. This has led to decentralization, externalization and the use of different private business entities in the public sector (Torres & Pina 2002; Grossi & Reichard 2008). The consolidation of these companies is a big piece in the jigsaw puzzle of the search for a true and fair picture of the public sector. Also the growing need for financial and political accountability demands a broader and more complete accounting system such as the consolidated financial report to provide feedback for decision making and improve accountability (Lande, 1998; Heald & Georgiou, 2000; Wise 2006; Chow at al. 2007; Grossi & Mussari, 2008; Grossi & Newberry 2009; Grossi & Pepe 2009). With the increased use of consolidation of annual accounts and the increased demand for information and transparency from corporations and organizations, it is interesting to investigate the consolidation approaches of Swedish municipalities.

The Swedish municipal accounting was not regulated by law until the execution of the Municipal Accounting Act in 1998 with the objective to suppress “creative” accounting and increase harmonization and comparability between municipalities. The difference between the Municipal Accounting Act and the acts that regulate the private sector accounting (The Bookkeeping Act and the Annual Accounts Act) is that the public sector regulation does not have any connection to the penal code (Falkman & Tagesson 2008).

In connection to the passing of the Municipal Accounting act a special standard-setting body, the Swedish Council of Municipal Accounting (SCMA), was founded and given the responsibility to develop and interpret the generally accepted accounting principles within the municipal sector. During a short period of time the regulation of municipal accounting has developed from voluntary to a more comprehensive and complex regulation (Falkman & Tagesson 2008; Grossi & Pepe 2009).

Without the development of the NPM through decentralization and externalization as well as the increased focus on accountability of the public sector the recommendation of

SCMA would not exist. The development of recommendation is a result from the shift from cash to accrual accounting and the increased degree of judgment in accounting and the ever continuing search for the true and fair view. The importance of RKR 8.2 lies in its aim of the true and fair view of the consolidation of municipalities as it is the Swedish equivalent of the IPSASs (International Public Sector Accounting Standard).

The aim of this article is to present a comprehensive overview of the Swedish Approach to consolidation of municipalities' annual. Its purpose is to investigate the implementation and use of the SCMA's recommendation 8.2 Consolidation published and enforced in the year of 2009, in Swedish municipalities. The accounting reform and recommendations in Sweden is not based on the standards of the International Public Sector Accounting Standard Board (IPSASB). Despite the difference the Swedish recommendations is a system of accrual based accounting similar to IPSAS which makes it relevant to highlight the differences between the Swedish standards on consolidation of municipal accounting and the international standards of (IPSASB) on consolidation in the public sector (IPSAS 6, 7 and 8).

The article proceeds with a section that reviews the Stakeholder Theory, Positive Accounting Theory as they are the theories the article is built upon. The article then makes a comparison between consolidation standards according to IPSAS and SCMA to present the complexity of the public sector and that not even recommendations of public accounting are uniform world-wide. The methodology of the study is then presented and accounted for as well as the Swedish context and its effect on the public sector. Finally, the article concludes with the study findings, discussion and conclusions.

Theoretical framework

Stakeholder Theory

A stakeholder is defined as “[a]ny group or individual who can affect or is affected by the achievement of the organisation’s objective” (Freeman 1986, pp.46). The Stakeholder Theory explains the relationship between the company and the groups or individuals that have some kind of interest in the operations of the company also known as stakeholders as defined by Freeman above. Several researchers (Deegan & Unerman 2005; Deegan 2002; Deegan *et al.* 2002; Zambon & Del Bello 2005; Gao & Zhang 2006) claim the main problem with the theory are that the company does not only act toward one group of stakeholders,

they act toward several different stakeholders where each has different and changing interests and values.

The public sector has a different structure compared to the private sector. According to Chan (2003) the rise of government accounting was due to the greater demand of accountability in a democracy and market economy. Accounting information can be used to monitor and enforce the terms of social, political and economic contracts. Gray, Dey, Owen, Evans, and Zadek (1997) argue that the information that passes through the relationship depends on the entity's will to disclose information to the stakeholder and the strength of the stakeholder to influence the entity. Therefore, politicians at the local level that are elected by the citizens of the municipality will have an incentive to go beyond the level of information mandated as openly available to discharge accountability and manage stakeholders, the largest group being the citizens of the municipality (Chan 2003). The annual report does not only discharge external accountability through the citizens. As Grossi (2009) identifies, politicians are considered as a "primary" stakeholder which means that the annual report also serves as a discharge of internal accountability between entities in the municipality.

Because of the relationship between politicians and their electors the management of primary stakeholders proven by Galbreath (2006) to have a positive effect on performance and outcome of the entity is substantially important for the public sector. The classification between internal and external stakeholders and their relationship with the organization can lead to problems (Mack & Ryan 2007). One problem is that investment in external "primary" stakeholders does not need to ensure success (Galbreath 2006). O'Dwyer (2002) shows that it is more likely that a less detailed annual report is used to satisfy stakeholders of lesser power. A combined report to all stakeholders, factor of power irrelevant, will let the management of an organization to successfully steer the organization forward. A successful organization is measured after its ability to satisfy strong stakeholder groups (Deegan & Unerman 2005). Antonacopoulou and Meric (2005) criticize the Stakeholder Theory because it has reached a status of common sense and are therefore generally criticized for its misleading distinctiveness. It would be naive to think that the theory is value free because of its basic assumptions (Antonacopoulou & Meric 2005). This criticism wont affect our study or our use of the theory as we are aware of that the theory is not value free and that the result of the study connected to the theory are not affected by the value of the basic assumptions

There are several papers that highlight the importance of stakeholder assessment and are devoted to the identification of stakeholders in public and quasi public markets. For example Collier (2008) and Grossi (2009) identifies the government, politicians and public managers as primary stakeholders. Mack and Ryan (2007) review research with the purpose to investigate the use of the annual report by the public sector to its stakeholders. They highlight two approaches that can be used to communicate with stakeholders: the indirect approach through intermediates such as the media and the direct way through the public report and they come to the conclusion that the direct approach through the issuance of an annual report is the most effective way to inform stakeholders of the actions of the company.

Louma-aho (2006) highlights the importance of stakeholder assessments as vital for the public sector organization because they contribute to organizational legitimacy through the public sector's reputation amongst the stakeholders. To maintain a good reputation the organization is required to invest in reputation-building. Gao and Zhang (2006) urge companies to engage their stakeholders and suggest an effective way to communicate with them. The engagement can take many different forms depending on the degree of engagement and the number of stakeholders taking part in the process. Gao and Zhang (2006) propose a dialogue through stakeholder councils with the aim to reduce present and future conflict of interests, to manage stakeholders. However, it is important that the power between the stakeholders are equal so one stakeholder cannot get the decisive vote over the group (Gao & Zhang 2006; Yamak & Süer 2005).

Positive Accounting Theory

The Positive Accounting Theory, henceforth called PAT, was popularized by Watts and Zimmerman (1978, 1979, 1990). The theory focuses on the relationships between different individuals involved in providing resources to an organization and how accounting is used to assist in the functioning of these relationships. These relationships lead to delegated decision-making authority that can be explained through the Agency Theory (Deegan & Unerman 2005). Given the PAT's central assumption that all individuals' actions are driven by self-interest, it will predict that organizations will seek to put in place mechanisms to align the interests of the managers of the organization (the agents) with the interest of the owners of the organization (the principals). The implementation of mechanism will result in agency, bonding and monitoring costs, through the action to try to align the conflicting interests

between the agents and the principals (Watts & Zimmerman 1979; Deegan & Unerman 2005). In the municipal companies in Sweden there are politicians in the board and in the city council who issues detailed directives for the companies to follow. Therefore, the communication between the owners, the board and the managers does not seem complicated. The relationship between the board and the city council should not result in large agency costs as the board consists of primarily the same politicians that are in the city council. There are also no elaborate mechanisms to align the different interests of the board and the city council. The mechanisms put in place are simply the production of the annual report and the follow-up of the directives which will result in bonding and monitoring costs.

The PAT tries to explain managers' choice of specific accounting methods and it emphasized the role of accounting to reduce agency costs of an organization. It also emphasize the importance of efficiently written contracts, with many people being tied to the output of the accounting system, as a crucial component of an efficient corporate governance structure (Deegan & Unerman 2005). The Agency Theory provides a necessary explanation of why particular accounting methods might matter based on the key three hypotheses frequently used to explain whether an organization would support or oppose a particular accounting method: management compensation hypothesis, debt hypothesis and political cost hypothesis (Deegan & Unerman 2005; Watts & Zimmerman 1990). A possible answer to why companies would expend resources to influence the determination of accounting standards can be provided by the government intervention argument or, as named above, political cost (Watts & Zimmerman 1978). As this article investigates the consolidation of municipalities the government intervention argument carry more weight because the companies affected are owned by the local government and it is easier for the government to interact with it owns companies.

The PAT has been widely criticized for not providing a means of improving accounting practice. The critics of the assumption that all actions are driven by self-interest feel that this assumption gives a far too negative and simplistic perspective of people. One last piece of criticism concerns the development of the theory as it has not been developed since Watts and Zimmerman about 30 years ago (Deegan & Unerman 2005). The development or the simplistic view of people is not in question in this article which makes us disregard this criticism.

The Swedish approach to consolidation and the differences with IPSAS.

In Sweden, consolidated reporting was first introduced in the 1980s on a voluntary basis. In 1989, the Swedish Federation of Local Authorities (SFLA) published a booklet with instructions and ideas about objectives and techniques for municipal consolidation reporting. The ideas of the booklet came to dominate the praxis and standards in the field of municipal consolidation reporting. The Municipal Act of 1992 introduced a requirement that municipalities should include a consolidated financial statement in their annual report. In connection to the execution of the Municipal Act the SFLA's reference group in accounting issues issued standard 7 on consolidated reporting (Grossi & Tagesson 2007).

From 1998, the municipal sector has been regulated by the Municipal Accounting Act which requires municipalities to establish a consolidated accounting report including a balance sheet and an income statement. The legislation refers to the national GAAP and standard-setters pertaining to the more detailed issues about the consolidation methods and concept of control. The SCMA took over the power of standard-setting body in the municipal sector when the Municipal Accounting Act was introduced and issued a recommendation, RKR 8.1, which was built on the same foundation as previous standards and the GAAP (Grossi & Tagesson 2007). The RKR 8.1 was replaced in 2009 with the updated version RKR 8.2.

In Sweden, the area of consolidation is governed by ownership. There are two categories of ownership important to the consolidation in Sweden (Tagesson, 2009). The first one is when the municipality has, direct or indirect, influence over more than 50 percent of the company and is the majority shareholder. A company should also be included in the consolidation if the municipality, direct or indirect, has a material/significant influence in the company. The rule of thumb is that the municipality should have control over 20 percent of the votes. However, there are situations where the control is below 20 percent, but the ownership involves an economic commitment of materiality; therefore, it should be included in the consolidated accounting. Wholly-owned companies, as well as companies with joint-ownership, are included. The new recommendation, RKR 8.2, introduces a new category in the area of consolidation that came into effect in the beginning of the fiscal year of 2009. The municipality is required to produce a consolidated financial statement if:

- *the municipality's share of the company's turnover is equal to or more than 5% of the income of taxes and government grants of the municipality.*

- *the municipality's total share of the company's balance-sheet total is equal to or more than 5% of the municipality's balance-sheet total. (RKR 8.2 2009)*¹

If none of these conditions are fulfilled the municipality is not required to produce a consolidated financial statement. According to RKR 8.2, entities that can be excluded from the area of consolidation:

- *should have been acquired with the purpose to sell within a year.*
- *should have a substantial and permanent obstacle for the municipality to exercise its power*
- *should be of trivial magnitude, defined as the municipality's share of the company's turnover is below 2% of the income of taxes and government grants of the municipality. The municipality's total share of the turnover of the companies excluded cannot exceed 5% of the income of taxes and government grants of the municipality. (RKR 8.2 2009)*²

The accounting principles of the municipality should guide the preparation of the consolidated financial accounting reports. As a general rule, the proportional method should be used when consolidating companies. According to Grossi and Tagesson (2007) this is based on the fact that the full consolidation method may imply that a company that is jointly owned by, for example, two municipalities can only be included in the consolidated reporting of one of the municipalities. This method of consolidation would not give a true and fair view of the consolidated accounting.

The general use of the proportional method of consolidation has one exception. If an intra-group has been consolidated with a full consolidation method and, due to time and cost reasons, it is not justifiable to consolidate each company one by one; hence, it is acceptable to proceed from the intra-group's annual accounts even if it is prepared according to the full consolidation method (Grossi & Tagesson 2007).

IPSAS have a central concept of control and companies are treated differently depending on equity interest and the municipality's power to govern the corporation. There is no corresponding division in the SCMA as the concept of control is not as crucial in the SCMA as in the IPSAS. The IPSASB leads to the use of several methods of consolidation while the NCMA only use proportional consolidation according to the purchase method, no matter the equity interest (Grossi & Tagesson 2007). Tagesson (2009) argues that proportional consolidation leads to comparability. Full consolidation according to the purchase method will overestimate the cost of service delivery while the equity method will underestimate it. According to Kothavala (2003) proponents of the equity method, as opposed to the use of

¹ The recommendation has been translated into English by the authors of the article.

² The recommendation has been translated into English by the authors of the article.

proportional method for joint ventures, argue “*that there is no basis for including jointly controlled assets and liabilities with those fully controlled by the investor*” (Kothavala 2003, pp.519). They argue that the investor cannot control pro-rata shares of joint venture assets and liabilities, while the proportional method gives the assumption that the investor could. Proponents of the proportional method argue that:

joint venture depth is often the responsibility of the investor and /.../ equity accounting offers an opportunity to use joint ventures as a means of off-balance sheet financing” (Kothavala 2003, pp.519)

However, it is acknowledged, even by opponents, that the proportional method gives a more comprehensive view of the company (Kothavala 2003).

Research methodology

The investigations of the method of consolidation of Swedish municipalities have been made through a document study of the 290 municipalities’ annual reports displayed in Appendix 1. Of these 290 municipalities 276 annual statements have been acquired which represent 95,2 percent. The article has investigated:

- the methods of consolidation used by municipalities
- if the municipalities in Sweden follow the RKR 8.2 (recommendation concerning consolidation from the SCMA) that was enforced in June 2009.

The study has been built upon the information that was available in the 2009’s annual reports of the municipalities. Quantified variables from the SCMA’s recommendation RKR 8.2 have facilitated the comparison of the recommendation’s introduction in 2009 and how municipalities have followed it. To measure the annual reports’ congruence to the RKR 8.2 a classification scheme was developed based on nine different variables concerning the implementation of RKR 8.2. A detailed scheme of each variable and its coding can be seen below:

1. Agent’s report: If the municipality had an agent’s report in the annual report it is given the number 1 and if there were no agent’s report according to the requirements of RKR 8.2 the municipality is given a zero.
2. Distinguished information: RKR 8.2 requires distinguished information about the municipal and if this information was present in the annual report the number one is given. If it was not present it was given the number zero.

3. Method of consolidation: The method of consolidation required by the recommendation was the purchase method, proportional consolidation. If this was mentioned the municipality was given the number 1 and if not the number zero.
4. The guiding role of the municipality's principles: The RKR 8.2 requires that the municipality's accounting principles should have a guiding role over the consolidation and to be used above the principles of the municipal companies. If this was mentioned the municipality was given the number 1 and if not the number zero.
5. Adjusting of deviating companies: The RKR 8.2 requires the municipality to adjust deviating companies to give a fair and clear view of the group and if this was mentioned the municipality was given the number 1 and if not the number zero.
6. Accounting method of pensions: According to the legislation and the recommendations pensions should be accounted for by the mixed model (pensions before 1998 should be accounted for outside the balance sheet as a contingent liability and after 1998 as a pension liability inside the balance sheet) and if it was mentioned it was given the number one, not present the number zero. This variable also had a third code, the number two given to municipalities that were using the so called full fund method which meant that the municipality accounts for all its pension inside the balance sheet.
7. Structure of the financial reports: In the financial statements the municipality should include both the municipality and the municipal group. If this was done the municipality was given the number one and a zero was given when the financial statements of municipality and the consolidated group were in different statements.
8. Recommendations from SCMA (RKR): If recommendations from SCMA were mentioned the municipality was given the number one and a zero was given when it was not present. This variable also had two subgroups, the recommendations 8.1 and 8.2 which were using the same codification scheme.
9. The Act of Municipal Accounting: If the Act of Municipal Accounting was mentioned the municipality was given the number one and a zero was given when it was not present.

The total number of points any municipality could get was 11 when all of the variables are put together, this sum is represented by the variable "RKR Sum" as a means to measure the degree of implementation of the recommendation. The variable "RKR Sum" can also be seen as a control variable to prevent municipalities that only mentions RKR 8.2 and has not shown any implementation to get the same score as municipalities that has implemented the

recommendation fully. The classification scheme, the coding of both numerical and categorical data as well as the entering and checking the data for errors have been made in accordance with the recommendation of Saunders *et al.* (2009). Criticism to this classification scheme can be that 8.2 was not an entirely new recommendation as it was built on 8.1 so there were similarities between the recommendations. Because the study is a document study and it is based on the mentioning of the different variables criticism can be voiced towards our method as they can use the recommendation and, therefore, do not mention it (the comply or explain aspect). As the RKR 8.2 have introduced a new category in the area of consolidation we believe that this change would be prudent to mention even if the comply or explain aspect is taken into account.

Milne and Adler (1999) discuss the aspect reliability in content analysis of disclosures. Content analysis “*is a method of codifying text of a piece of writing into various groups depending on selected criteria*” (Milne & Adler: 1999, pp. 237). Although they discuss environmental and social disclosures, we believe that their advices can be used in our content analysis of annual reports. One issue that Milne and Adler (1999) focus is on is the reliability associated with the coding instrument itself, and it is the advice pertaining to this part that we can use. This study have few coding categories and a classification scheme that do not give much room for interpretation (either they mention the variable or not). This will result in a strong coding reliability as the same sentences or information content is coded in the same way by our coders.

The Swedish context

The public sector in Sweden is divided into two main levels: central and local. The local level is further divided into two different administrative systems: county councils and municipalities. The 21 county councils have healthcare as their primary responsibility, but the county councils also deal with public transportation, culture and tourism. The inhabitants of a county council vary between 50.000 and 1.5 million people. The 290 municipalities are responsible for local public issues in the immediate environment of the citizens such as primary and secondary schools, elderly care, roads, water and sewerage. The number of inhabitants in a municipality varies considerably, with the smallest of fewer than 2.600 and the largest approximately 760.000 people (Argento *et al.* 2010).

According to the SCB (2009) there are more than 1 million people who work at the local governments in Sweden, approximately 830.000 in the municipalities and 250.000 in the county councils. There are also around 75.000 people who work in organizations owned by the municipalities. The total population of Sweden was 9.349.059 people the 28 February 2010 according to SCB (Statistics, Sweden). According to SCB (2009) the public sector's consumption of the GDP was 20 percent.

The local government can appoint a number of committees to deal with various tasks and different kinds of entities and forms of cooperation in the public sector. Over the last few years the cooperation between municipalities have increased; now several organizational forms are used as joint committees, municipal federations, partnership, limited companies, limited companies, associations and non-profit organizations (Argento *et al.* 2010).

Research Hypotheses

The explanation of RKR 8.2 and what it introduces compared to its predecessor RKR 8.1, as well as the theories put into the Swedish context, have led us to the elaboration of several hypotheses with the aim to explain the characteristics of municipalities that mention and have started to implement the new accounting recommendations from SCMA (B-hypotheses), RKR 8.2 (A-hypotheses) as the main one.

- *H1A: The size of the municipality will affect the implementation of RKR 8.2 positively.*
- *H1B: The degree of implementation of recommendations will be affected by the size of the municipality group.*

A larger municipality will have an incentive to invest in the process of producing the annual report to give a true and fair view of its operations, maybe as a way to increase the municipality's reputation as suggested by Louma-aho (2006). Therefore, the municipality will implement the new recommendations and the RKR 8.2 and to implement it to a larger extent than smaller municipalities. The variable size will be divided in the categories inhabitants in the municipality, tax income of the municipality, operation income of the municipal group and balance sheet total of the municipal group.

- *H2A: A higher performance of the municipality group will affect the implementation of RKR 8.2 positively.*
- *H2B: The degree of implementation of recommendations will be positively affected by the generation of a higher performance by the municipal group.*

Galbreath (2006) proves that the management of "primary" stakeholders has a positive effect on the municipality group's performance. If the municipality group generates a higher income it has more money to invest in the process of producing the annual report and to focus on the kind of marketing that Maignan, *et al.* (2005) believe is the best way to communicate with stakeholders. Therefore, the implementation and the degree of implementation of the new accounting recommendations and RKR 8.2 will be higher in municipalities with a high performing group. Performance will be divided into operating income in total and per capita.

- *H3A: A higher tax income per capita of the municipality group will affect the implementation of RKR 8.2 positively.*
- *H3B: The degree of implementation of recommendations will be positively affected by the generation of tax income per capita by the municipal group.*

As in the performance hypothesis, if the municipality group has more tax income it has more money to invest in the process of producing the annual report and to focus on the marketing of Maignan, *et al.* (2005). Therefore, the implementation and the degree of implementation of the new accounting recommendations and RKR 8.2 will be higher in municipalities with a high tax income.

- *H4A: The size of the Municipal companies will affect the implementation of RKR 8.2 positively.*
- *H4B: The degree of implementation of recommendations will be positively affected by the size of the Municipal companies.*

The larger the municipal companies are the more important it is for the municipality to have a correct, accurate and qualitative accounting process. Therefore, larger municipalities will implement the new accounting recommendations and RKR 8.2 and will implement it to a larger degree than municipalities with smaller municipal companies. The size of the municipal corporations will be divided in the categories municipal companies' operating income and the balance sheet total of the municipal companies.

Study Findings

The study consists of 276 out of the 290 municipalities in Sweden. Of these 276 municipalities only 50 of them mention RKR 8.2 in their annual report. As the correlations between all of the variables are too high we cannot perform a reliable multiple regression

analysis. Therefore, we have used bivariate analysis with parametric tests and a significance level of 90 percent. Due to the large sample we disregard normality distribution.

Table 1: Descriptive statistics

	N	Mean	Std. Deviation
Tax (percent)	276	32.09	1.04
Inhabitants	276	33094.18	65154.41
Group operating income (MSEK)	276	830.18	2120.27
Group result (MSEK)	276	74.25	358.85
Municipal operating income (MSEK)	276	382.35	758.47
Municipal income tax (MSEK)	276	1192.02	2379.42
Municipal equalization (MSEK)	276	213.57	317.95
Municipal result (MSEK)	276	37.54	77.44
Municipal Companies operating income (MSEK)	276	448.47	1428.65
Municipal Companies result (MSEK)	276	36.76	340.92
Group BS total (MSEK)	275	3246.69	8942.25
Group capital assets (MSEK)	276	2886.80	8261.61
Group equity (MSEK)	276	1266.36	5253.23
Group liability (MSEK)	276	1726.04	3614.77
Group pensions inside BS (MSEK)	275	137.90	431.25
Group pensions outside BS (MSEK)	275	600.65	938.84
Municipal BS total (MSEK)	276	2165.92	6284.56
Municipal capital assets (MSEK)	276	1679.72	4059.88
Municipal equity (MSEK)	276	1070.32	3249.28
Municipal liability (MSEK)	276	913.64	2743.85
Municipal pensions inside BS (MSEK)	276	127.88	378.15
Municipal pensions outside BS (MSEK)	276	586.82	841.72
Municipal Companies BS total (MSEK)	276	1131.58	3036.05
Municipal Companies capital assets (MSEK)	275	1214.22	4508.00
Municipal Companies equity (MSEK)	276	197.48	2271.14
Municipal Companies liability (MSEK)	276	814.16	1633.71
Municipal Companies pensions inside BS (MSEK)	276	9.64	149.89
Municipal Companies pensions outside BS (MSEK)	275	12.98	174.84
Operation income capita (TSEK)	271	20.44	8.59
Tax income capita (TSEK)	276	35.57	3.22
Total BS Municipal companies capita (TSEK)	274	29.17	20.85
RKR sum	275	5.91	1.55
Valid N (listwise)	266		

Table 2 shows the descriptive statistics of the information found in the financial statements of the municipalities' annual reports. The only variable that differs is the "RKR Sum" which is a sum of the variables presented in the methodology where the municipalities could get a total of 11 points if all the variables were accounted for. "RKR Sum" is here interpreted as the variable that presents the mean degree of implementation of RKR 8.2, and with a mean of 5.91 with a standard deviation of 1.55 there is room for improvements.

Table 2: T-tests of hypothesis

Hypothesis	Variable	RKR 8.2	N	Mean	Std. Deviation	Sig. (2-tailed)
H1A 1	Inhabitants	Yes	50	68 613.84	137 276.07	.031
		No	226	25 235.85	27 241.48	
H1A 2	Group operating income	Yes	50	2 000.13	4 492.58	.030
		No	226	571.34	853.00	
H1A 3	Group BS total	Yes	49	7 827.58	19 771.63	.055
		No	226	2 253.48	2 902.02	
H1A 4	Municipal income tax	Yes	50	2478,6700	5 020.84	.032
		No	226	907.37	990.24	
H2A 1	Group operating income	Yes	50	2 000.13	4 492.58	.030
		No	226	571.34	853.00	
H2A 2	Operation income capita	Yes	50	22.36	10,68784	.147
		No	221	20.00	8,00543	
H3A	Tax income capita	Yes	50	35.85	2.60	.507
		No	226	35.51	3.34	
H4A 1	Municipal Companies operating income	Yes	50	1 217.87	3 022.60	.033
		No	226	278.25	586.76	
H4A 2	Municipal Companies BS total	Yes	50	2 667.92	6 454.91	.046
		No	226	701.60	1 245.50	

Table 3: Regression analysis of hypothesis

Hypothesis	Dependent Variable: RKR Summa	Beta	R Square	Adjusted R Square	t	Sig.
H1B1	Inhabitants	.194	.037	.034	3.261	.001
H1B2	Group operating income	.186	.035	.031	3.134	.002
H1B3	Group BS total	.173	.030	.026	2.889	.004
H1B4	Municipal income tax	.191	.037	.033	3.217	.001
H2B1	Group operating income	.186	.035	.031	3.134	.002
H2B2	Operation income capita	.114	.013	.009	1.880	.061
H3B	Tax income capita	.076	.006	.002	1.257	.210
H4B1	Municipal Companies operating income	.170	.029	.025	2.858	.005
H4B2	Municipal Companies BS total	.172	.030	.026	2.893	.004

- H1A: The size of the municipality will affect the implementation of RKR 8.2 positively.

Table 3 shows that the implementation of RKR 8.2 is significantly affected by the number of inhabitants, group operation income, total balance sheet value of the municipality and the municipal income tax according to the t-tests. The size of the municipalities will affect the implementation of RKR 8.2.

– *H1B: The degree of implementation of recommendations will be affected by the size of the municipality group.*

The regression analysis, presented in table 4, is significant which indicates that the size of municipalities will affect the degree of implementation of recommendations. The explanation rate, R square, is high compared to other variables with .026 - .034.

Table 4: Means of size variables amongst municipalities who mentions RKR 8.2

	N	Mean	Std. Deviation
Inhabitants	50	68 613.84	137 276.07
Group operating income (MSEK)	50	2 000.13	4 492.58
Group BS total (MSEK)	49	7 827.58	19 771.63
Municipal income tax (MSEK)	50	2 478.67	5 020.84

Table 5: Means of size variables amongst municipalities who mentions RKR 8.2 (three largest municipalities excluded)

	N	Mean	Std. Deviation
Inhabitants	47	38 298.64	35553,529
Group operating income (MSEK)	47	1 071.20	1 667.71
Group BS total (MSEK)	46	3 604.65	4 634.93
Municipal income tax (MSEK)	47	1 387.76	1 290.97

From the frequency table, table 5, on the right the mean of the size variables of the municipalities that have mentioned RKR 8.2 are shown. Table 5 presents a large standard deviation because of the large spread in size of the municipalities in question. In table 6, the three largest municipalities (Stockholm, Göteborg and Malmö) have been excluded as they are extreme in size compared to other municipalities in Sweden. Both the mean and the standard deviation have drastically decreased between the tables, but there is still a large standard deviation in table 5 compared to the mean. From these two tables we can draw the conclusion that while the mentioning of RKR 8.2 is widely scattered among municipalities of different size variables, the smallest municipalities' inhabitant wise, approximately below 2.750 inhabitants, are not included in the range of municipalities that mention RKR 8.2 (see table 5). To support hypothesis 1 (A and B), the t-tests, the regression analysis and the frequency tables indicate that the smallest municipalities will not mention the RKR 8.2. Therefore, size has a positive effect on the implementation of RKR8.2 and the degree of implementation of the new recommendations.

- *H2A: A higher performance of the municipality group will affect the implementation of RKR 8.2 positively.*

The t-tests shows that the performance, or operating income, of the municipality group has a significant effect on the implementation and of RKR 8.2 on the total operating income while it is not significant for the operating income per capita.

- *H2B: The degree of implementation of recommendations will be positively affected by the generation of a higher performance by the municipal group.*

The regression analysis supports that the effect on RKR sum and the degree of implementation of new recommendations is affected by higher performance in total while the operation income per capita contradicts the hypothesis.

- *H3A: A higher tax income per capita of the municipality group will affect the implementation of RKR 8.2 positively.*
- *H3B: The degree of implementation of recommendations will be positively affected by the generation of tax income per capita by the municipal group.*

The tax income per capita does not have a significant effect on the use (H3A) or the degree (H3B) of implementation of new recommendations either in the t-test or in the regression analysis. This might be explained by the area the recommendation covers. Consolidation should not affect the tax income as they are not correlated to each other in accounting: the consolidation method will not affect municipalities' tax income. In the t-test and regression analysis of hypothesis 1 we can see the total tax income and its significant result which further support the difference between total sums and capita sums. Although, the use of capita sums is the only way to justly compare municipalities it might just be too small of a category to make the variables significant.

- *H4A: The size of the Municipal companies will affect the implementation of RKR 8.2 positively.*

The size of the municipal companies, defined as the operation income and the total balance sheet value, do have a significant effect on the use of RKR 8.2 in the t-tests of table 2.

- *H4B: The degree of implementation of recommendations will be positively affected by the size of the Municipal companies.*

In the regression analysis the size of the companies of the municipal group has a significant effect on RKR Sum and the degree of implementation of new recommendations. Conclusions that can be drawn by this is that the larger the municipal companies are the more inclined the municipality will be to follow new recommendations. This can be because of the quality of the accounting system that is required in a larger group of companies.

Discussion

Grossi (2009) has identified politicians as a primary stakeholder group in the public sector. By this we can assume that the annual statements the study is based on are mainly used to manage the “primary” stakeholder group of politicians. Therefore, the annual report could be seen as a tool for internal accountability towards politicians at the local level. Politicians should have an incentive to implement recommendations as a way to increase the quality of control of the internal accountability. In addition, citizens of the municipality are also identified as a “primary” stakeholder group. If politicians are the symbol for internal accountability of municipalities the citizens symbolize the external accountability. The incentive to show a high quality of control by following recommendations and reach a true and fair view of the municipality’s financial position and performance should be even greater towards external parties, the citizens. If an organization’s success is measured after its ability to satisfy strong stakeholder groups, as Deegan and Unerman (2005) states, then politicians and decision makers would welcome the recommendations of SCMA and implement them to satisfy important stakeholders and make the municipality successful.

The study findings show that large sized municipalities may implement new recommendations and RKR 8.2 to a larger degree than municipalities of lesser size. This might imply advantages of economy of scale and development of the processes of more advanced systems of accounting, information and control which are more inclined to accept new recommendations.

The study also shows that tests based on financial statement lines of the municipality there are support for an increase in the implementation of recommendations explained by an increased performance and income tax. The degree of implementation will be positively affected by the result of the municipal group. This could be explained through the recommendations probable increase of structure and quality of the municipalities’ accounting processes. Municipalities with higher operating income will also, probably, have a more efficient finance department which explains the contradictory results. The increase of structure and quality could result in more relevant information for decision makers and an increase in the amount of information available to stakeholders as Mack and Ryan (2007) suggest. However, the result of the municipal group is not affected by the use of RKR 8.2. This might be a complication caused by the novelty of the recommendation as only 50 municipalities have mentioned RKR 8.2, to either have the recommendation implemented

during the fiscal year 2009 or planning to do so during the fiscal year of 2010. The test on capita sums contradicts the results of the municipality tests because there is not any significant difference concerning the degrees of implementation of the recommendation between smaller and larger municipalities. This supports the economy of scale thesis by both the result of the t-test and regression analysis of the total sums. The economy of scale will be facilitated by the use of recommendations which give politicians incentive to invest in the implementation of new recommendations.

The low degree of implementation of RKR 8.2 might be explained by its late introduction. It might also suggest an inefficient distribution of recommendations by SCMA or that municipalities do not even consider implementing the recommendations, the missing connection to the penal code does not punish municipalities that does not adopt the recommendations. Through PAT Watts and Zimmerman (1978, 1979, 1990) explains that the recommendation has the likeness of a mechanism that will try to align the politicians' interest with the ones of the citizens'.

To compare the SCMA with the IPSAS and the argument for both methods leads us to the conclusion that it should be more user-friendly to adopt the SCMA as it only uses one kind of method while the IPSAS have many different methods of consolidation. Therefore, we see that the Swedish alternative to IPSAS is well elaborated and gives a true fair view, if followed. If the municipalities in Sweden had implemented the SCMA to a higher degree, Sweden could be in leading position in the area of public accounting.

There is not only the aspect of economy of scale that is important in the discussion of these hypotheses and the implementation of RKR 8.2. As the quantity of the "primary" stakeholder groups politicians and citizens are much larger in larger municipalities, the adoption of recommendations such as RKR 8.2 might not only be because of economy of scale. It might also be, as Louma-aho (2006) points out, that the adoptions of recommendations is an investment in reputation building so that the municipality will achieve a good reputation internally as well as externally by an effective implementation.

Conclusion

Of the municipalities in Sweden there are not many that have mentioned RKR 8.2 in their annual report (50 of 276) which points to a slow working process within the public sector to adopt new recommendations. One reason can also be that these recommendations have no

connection to the penal code of Sweden and will not be punished if the municipality does not use the recommendations. Then why can the adoption of recommendations that give a true and fair view of the municipality and facilitate the accountability process not be prioritized? One answer might be cost. In smaller municipalities the cost to implement a recommendation can be greater than the benefits of a true and fair view and stakeholder management. We can see that many of the municipalities that have mentioned RKR 8.2 are larger municipalities or municipalities with a large municipal group which means that it can also be an organizational aspect for the municipality to structure its accounting systems and processes in accordance with the recommendations to get an efficient structure. The variable "RKR Sum" which we used to measure the degree of implementation of RKR 8.2 only had a mean of 5.91 out of 11. This is a concern because the municipalities should want to implement the recommendation as they give the inhabitants a more accurate true and fair view of the municipality. To get municipalities to implement the recommendations of SCMA better than today we suggest, from an accounting stand point and with support from our study, that a merger of municipalities might be beneficiary. Larger municipalities both have the resources, the knowledge and the incentive to use these recommendations together with the accounting system to strive towards a true and fair view.

We believe that the subject discussed in this article can be researched further to grasp more aspects of the consolidation of municipalities in Sweden. Some municipalities have stated that they will align themselves to RKR 8.2 during the fiscal year of 2010. This will make it a possible development for comparability reasons to investigate recommendations further implementation in 2010. The Swedish model could also be compared to the IPSAS to put it into a practical context that we have not done here.

References

Antonacopoulou, E. and Meric, J. (2005). A critique of stake-holder theory: management science or a sophisticated ideology of control? *Corporate Governance*. Vol. 5, issue 2, pp. 22-33.

Argento, D., Grossi, G., Tagesson, T., & Collin, S.O. (2010). The externalisation of local public service delivery: experience in Italy and Sweden, *International Journal of Public Policy*, Vol. 5, No. 1, pp. 41-56.

Chan, J. (2003). Government accounting: An Assessment of Theory, Purposes and Standards, *Public Money and Management*, Vol. 23, No. 1, pp. 13-20.

Christiaens, J., Cauwenberge, P. and Rommel, J. (2009). Debate: IPSAS 6 and 22 – new standards for whole of government accounting? *Public money and management*, vol. 29, issue 4, pp. 216-218.

Collier, P. (2008). Stakeholder accountability: a fieldstudy of the implementation of a governance improvement plan. *Accounting, Auditing & Accountability Journal*, vol. 21, issue 7, pp. 933-954.

Collin, S-O., Tagesson, T., Andersson, A., Cato, J. and Hansson, K. (2009). Explaining the choice of accounting standards in municipal corporations: Positive accounting theory and institutional theory as competitive or concurrent theories. *Critical Perspectives on Accounting*, vol. 20, issue 2, march 2009, pp. 141-174.

Chow, D., Humphrey, C. and Moll, J. Developing whole of government accounting in the UK: grand claims, practical complexities and a suggested future research agenda. *Financial Accountability and Management* 2007; Vol. 23, Issue 1, pp. 27–54.

Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures – a theoretical foundation. *Accounting, Auditing & Accountability Journal*, vol. 15, issue 3, pp. 282-311.

Deegan, C., Rankin, M. and Tobin, J. (2002). An examination of the corporate social and environmental disclosures of BHP from 1983-1997: A test of legitimacy theory. *Accounting, Auditing & Accountability Journal*, vol. 15, issue 3, pp. 312-343.

Deegan, C. and Unerman, J. (2005). *Financial accounting theory*. Maidenhead: Mc Graw-Hill Education.

Falkman, P. and Tagesson, T. (2008). Accrual accounting does not necessarily mean accrual accounting: Factors that counteract compliance with accounting standards in Swedish municipal accounting. *Scandinavian Journal of Management*, vol. 24, issue 3, September 2008, pp. 271-283.

Freeman, R.E. (1984). *Strategic management: A stakeholder Approach*, Pitman Press, Boston, MA.

Galbreath, J. (2006). Does primary stakeholder management positively affect the bottom line?: Some evidence from Australia. *Management Decision*. Vol. 44, issue 8, pp. 1106-1121.

Gao, S. and Zhang, J. (2006). Stakeholder engagement, social auditing and corporate sustainability. *Business Process Management Journal*. Vol. 12, issue 6, pp. 722-740

Glynn, J. and Murphy, M. (1996). Public management: Failing accountabilities and failing performance review. *International Journal of Public Sector Management*, vol. 9, issue 5/6, pp. 125-137.

Gray, R., Dey, C., Owen, D., Evans, R. & Zadek, S. (1997). Struggling with the praxis of social accounting: Stakeholders, accountability, audits and procedures. *Accounting, Auditing & Accountability Journal*, vol. 10, issue 3, pp. 325-364.

Grossi, G. (2009). New Development: Consolidated financial reporting as a stimulus for change in Italian local government. *Public Money & management*, vol. july, pp. 261-264.

Grossi G. and Mussari R. Effects of outsourcing on performance measurement and reporting: the experience of Italian Local Governments. *Public Budgeting and Finance* 2008; 28 (1): 22-38.

Grossi, G. and Newberry, S. Theme: Whole-of-Government Accounting: International Trends”, *Public Money and Management* 2009; 29 (4): 209-215.

Grossi, G. and Pepe, F. (2009). The concept of consolidation in the public sector: a cross-country comparison, *Public Money & Management*, Vol. 29, No. 4, pp. 251-256.

Grossi, G. and Reichard, C. (2008), Municipal corporatization in Germany and Italy. *Public Management Review*, Vol. 10, Issue 5, pp. 597–617.

Grossi, G. and Tagesson, T. (2007). Consolidated financial reports in local government: a comparative analysis of IPSASB and SCMA. Working paper Series 2007:4, Department of Business Studies, Kristianstad University College.

IPSASB (2000). IPSAS 6 Consolidated Financial Statements – Accounting for Controlled Entities
http://www.ipsas.org/PDF_ipsas_standards_ifac/2006_A10_IPSAS_6.pdf
Access: 2010-04-09

IPSASB (2000). IPSAS 7 Accounting for Investments in Associates
http://www.ipsas.org/PDF_ipsas_standards_ifac/2006_A11_IPSAS_7.pdf
Access: 2010-04-09

IPSASB (2000). IPSAS 8 Financial Reporting of Interests in Joint Ventures
http://www.ipsas.org/PDF_ipsas_standards_ifac/2006_A12_IPSAS_8.pdf
Access: 2010-04-09

Lande, E. The scope of accounting consolidation in the local public sector. In: Caperchione, E. and Mussari, R., editors. *Comparative issues in local government accounting*. London: Kluwer; 1998:pp. 227-239.

Kothavala, K. (2003). Proportional consolidation versus the equity method: a risk measurement perspective on reporting interests in joint ventures. *Journal of Accounting and Public Policy*, Volume 22, Issue 6, pp. 517-538.

Louma-aho, V. (2006). Sector reputation and public organizations. *International Journal of Public Sector Management*. Vol. 21, issue 5, pp. 446-467.

Mack, J. and Ryan, C. (2007). Is there an audience for public sector annual reports: Australian evidence? *International Journal of Public Sector Management*, vol. 20, issue 2, pp. 134-146.

Milne, M. and Adler, R. (1999). Exploring the reliability of social and environmental disclosures content analysis. *Accounting, Auditing & Accountability Journal*, vol. 12, issue 2, pp. 237-256.

O'Dwyer, B. (2002). Managerial perceptions of corporate social disclosure: An Irish story. *Accounting, Auditing & Accountability Journal*, vol. 15, issue 3, pp. 406-436.

RKR Recommendation 8.2: Consolidated accounts

<http://www.rkr.se>

Access: 2010-04-14

Saunders, M., Lewis, P. and Thornhill, A. (2009). *Research Methods for Business Students*. 4 uppl. London: Pearson Higher Education.

SCB. Statistiska Centralbyrån (Statistics Sweden)

<http://www.scb.se>

Access: 2010-04-17

SCB (2009). Offentlig Ekonomi 2009 (translated as: Public Sector Finances), Statistiska Centralbyrån (Statistics Sweden), Stockholm.

Tagesson, T. (2009). Debate: Arguments for proportional consolidation; the case of Swedish local government. *Public money and management*, vol. 29, issue 4, pp. 215-216.

Timoshenko, K. and Adhikari, P. (2009). Exploring Russian central government accounting in its context. *Journal of Accounting & Organizational Change*, vol. 5, issue 4, pp. 490-513.

Torres L. and Pina V. (2002). Changes in Public Service Delivery in the EU Countries. *Public Money & Management*, Vol. 22, N. 4, pp. 41-48.

Watts, R. and Zimmerman, J. (1978). Towards a Positive Theory of the Determination of Accounting Standards. *The Accounting Review*, vol. 53, issue 1, pp. 112-134.

Watts, R. and Zimmerman, J. (1979). The Demand for and Supply of Accounting Theories: The Market for Excuses. *The Accounting Review*, vol. 54, issue 2, pp. 273-305.

Watts, R. and Zimmerman, J. (1990). Positive Accounting Theory: A Ten Year Perspective. *The Accounting Review*, vol. 65, issue 1, pp. 131-156.

Wise, V. Cross-sector transfer of consolidated financial reporting—conceptual concerns. *Australian Journal of Public Administration* 2006, 65(3): pp. 62–73.

Yamak, S. and Sür, Ö. (2005). State as a stakeholder. *Corporate Governance*. Vol. 5, issue 2, pp. 111-120.

Zambon, S. and Del Bello, A. (2005). Towards a stakeholder responsible approach: the constructive role of reporting. *Corporate Governance*. Vol. 5, issue 2, pp. 130-141.

Appendix 1: Municipalities of Sweden

Ale	Färgelanda	Karlsborg
Alingsås	Gagnef	Karlshamn
Alvesta	Gislaved	Karlskoga
Aneby	Gnesta	Karlskrona
Arboga	Gnosjö	Karlstad
Arjeplog	Gotland	Katrineholm
Arvidsjaur	Grums	Kil
Arvika	Grästorp	Kinda
Askersund	Gullspång	Kiruna
Avesta	Gällivare	Klippan
Bengtstors	Gävle	Knivsta
Berg	Göteborg	Kramfors
Bjurholm	Götene	Kristianstad
Bjuv	Habo	Kristinehamn
Boden	Hagfors	Krokom
Bollebygd	Hallsberg	Kumla
Bollnäs	Hallstahammar	Kungsbacka
Borgholm	Halmstad	Kungsör
Borlänge	Hammarö	Kungälv
Borås	Haninge	Kävlinge
Botkyrka	Haparanda	Köping
Boxholm	Heby	Laholm
Bromölla	Hedemora	Landskrona
Bräcke	Helsingborg	Laxå
Burlöv	Herrljunga	Lekeberg
Båstad	Hjo	Leksand
Dals-Ed	Hofors	Lerum
Danderyd	Huddinge	Lessebo
Degerfors	Hudiksvall	Lidingö
Dorotea	Hultsfred	Lidköping
Eda	Hylte	Lilla Edet
Ekerö	Håbo	Lindesberg
Eksjö	Hällefors	Linköping
Emmaboda	Härjedalen	Ljungby
Enköping	Härnösand	Ljusdal
Eskilstuna	Härryda	Ljusnarsberg
Eslöv	Hässleholm	Lomma
Essunga	Höganäs	Ludvika
Fagersta	Högsby	Luleå
Falkenberg	Hörby	Lund
Falköping	Höör	Lycksele
Falun	Jokkmokk	Lysekil
Filipstad	Järfälla	Malmö
Finspång	Jönköping	Malung-Sälen
Flen	Kalix	Malå
Forshaga	Kalmar	Mariestad

Mark	Skara	Trosa
Markaryd	Skellefteå	Tyresö
Mellerud	Skinnskatteberg	Täby
Mjölby	Skurup	Töreboda
Mora	Skövde	Uddevalla
Motala	Smedjebacken	Ulricehamn
Mullsjö	Sollefteå	Umeå
Munkedal	Sollentuna	Upplands Väsby
Munkfors	Solna	Upplands-Bro
Mölndal	Sorsele	Uppsala
Mönsterås	Sotenäs	Uppvidinge
Mörbylånga	Staffanstorp	Vadstena
Nacka	Stenungsund	Vaggeryd
Nora	Stockholm	Valdemarsvik
Norberg	Storfors	Vallentuna
Nordanstig	Storuman	Vansbro
Nordmaling	Strängnäs	Vara
Norrköping	Strömstad	Varberg
Norrtälje	Strömsund	Vaxholm
Norsjö	Sundbyberg	Vellinge
Nybro	Sundsvall	Vetlanda
Nykvarn	Sunne	Vilhelmina
Nyköping	Surahammar	Vimmerby
Nynäshamn	Svalöv	Vindeln
Nässjö	Svedala	Vingåker
Ockelbo	Svenljunga	Vårgårda
Olofström	Säffle	Vänernborg
Orsa	Säter	Vännäs
Orust	Sävsjö	Värmdö
Osby	Söderhamn	Värnamo
Oskarshamn	Söderköping	Västervik
Ovanåker	Södertälje	Västerås
Oxelösund	Sölvesborg	Växjö
Pajala	Tanum	Ydre
Partille	Tibro	Ystad
Perstorp	Tidaholm	Åmål
Piteå	Tierp	Ånge
Ragunda	Timrå	Åre
Robertsfors	Tingsryd	Årjäng
Ronneby	Tjörn	Åsele
Rättvik	Tomelilla	Åstorp
Sala	Torsby	Åtvidaberg
Salem	Torsås	Älmhult
Sandviken	Tranemo	Älvdalen
Sigtuna	Tranås	Älvkarleby
Simrishamn	Trelleborg	Älvsbyn
Sjöbo	Trollhättan	Ängelholm

Öckerö
Ödeshög
Örebro
Örkelljunga
Örnsköldsvik
Östersund
Österåker
Östhammar
Östra Göinge
Överkalix
Övertorneå