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## 1. Introduction

The Local Government Data Entry (LGDE) system is a program designed to collect annual financial and statistical data from local governments throughout British Columbia. This information is stored in a central database and is used to generate both standard and ad hoc reports for local governments, Ministry staff, the Municipal Finance Authority and other users. The data collected can be used to financially analyze a single local government over a number of years or to compare several local governments. Summary reports using the central database are published on the ministry web site.

The LGDE forms are to be prepared in accordance with principles and standards set out in this manual. Both the forms and the manual are available from the Ministry on diskette or on the Internet (<http://www.mcaws.gov.bc.ca/lgd/infra/munfin/download.html>). Should you have any questions or comments please contact Ministry staff at:

- Phone: (250) 387-4060
- E-mail: [lgde@gems5.gov.bc.ca](mailto:lgde@gems5.gov.bc.ca)

## 2. General Reporting Requirements for Local Governments in BC

### Statutory Requirements

The fiscal year for local governments is the calendar year. Financial statements must be prepared annually and presented to council for acceptance (S.167(1)(2) *Community Charter*). Sections 167(4) of the *Community Charter* and 814 of the *Local Government Act* require all local governments in British Columbia to submit required annual financial information to the Inspector of Municipalities by May 15 of the year following the end of the fiscal year of the local government.

### PSAB Requirements

Sections 167(2) of the *Community Charter* and 814 of the *Local Government Act* require all local governments to prepare their annual audited financial statements in accordance with generally accepted accounting principles (GAAP) for local governments. GAAP for local governments consists of the recommendations and guidance with respect to matters of accounting in the public sector as set out by the Public Sector Accounting Board (PSAB), which is authorized by the Canadian Institute of Chartered Accountants (CICA). Throughout this manual, specific sections of PSAB are referenced by the use of PS followed by the section number.

Copies of the PSAB handbook may be obtained from the CICA:

- Phone: 1-800-268-3793
- Web Address: [www.cica.ca](http://www.cica.ca)

### Move To Consolidated Financial Reporting

PSAB requires a summarized financial presentation of all areas of operation for a local government. Local governments in British Columbia have been required to prepare their audited financial statements in accordance with GAAP for local governments (PSAB recommendations) for accounting periods starting on or after January 1, 2000, however, financial information submitted through the LGDE system was still based on the old fund accounting method. In order to bring greater consistency to financial reporting, the Ministry revised the LGDE program for the 2002 reporting year and following years to better reflect PSAB financial presentation.

While, the definitions and accounting policies used in LGDE will generally be the same as those recommended by PSAB, LGDE **is not** a financial statement and not all PSAB recommendations may apply. Some additional data is requested to reflect provincial interests and priorities.

### 3. Financial Reporting Entities

Detailed financial reporting entity information may be found in PS 1300.

LGDE should include the financial information of the local government plus any organizations that are accountable to the local government for the administration of their financial affairs **AND** are owned or controlled by the local government. These may include bodies such as boards and committees but do not include government business enterprises or trust funds.

- **Accountability** – an organization is required to answer to a local government on how it discharges its responsibilities either directly to council or indirectly to a committee or senior local government official.
- **Ownership** – the local government holds title to either a majority of the organization's voting shares or the organization's net assets.
- **Control** – the local government can regulate the organization's revenue, expenditure and resource allocation policies; or appoint the majority of the organization's board.

Please refer to **Appendix A** at the end of this Help Manual. This appendix gives an example of the PSAB treatment of different types of libraries, relative to the local government reporting entity, based on the above criteria.

#### **Government Business Enterprises**

A Government Business Enterprise has the following characteristics:

- it is a separate legal entity
- it has the power to contract in its own name
- it can sue or be sued
- it has financial and operating authority to carry on a business
- it sells goods or services to (and receives revenue from) parties other than the local government or its organizations
- the revenue received from outside sales is sufficient to maintain operations and meet liabilities.

In the case of a government business enterprise, the modified equity method of accounting should be applied. (PS 1300.35)

#### **Trust Funds**

Trusts are property conveyed or assigned to the local government and administered by agreement or statute. Trusts are not owned by the local government.

Trusts administered by a local government should be excluded from the reporting entity (PS 1300.40).

## 4. General Structure of the LGDE Forms

The LGDE program is divided into three principal areas:

- Part A – Financial Data
- Part B – Debt & Other Commitments
- Part C – Statistics & Other Information

### Part A – Financial Data

The financial data is based on PSAB presentation.

- **Schedule A1** – Treasure/Auditor Certification – This is certification that the LGDE forms are prepared in accordance with GAAP for local governments and are in agreement with the accounting records. The forms are to be signed by the auditor if the auditor prepared them.
- **Schedule A2** – Statement of Financial Position – This is a statement of the assets, liabilities and equity of the local government.
- **Schedule A3** – Statement of Financial Activities – Income Statement
  - **Schedule A3a** – Statement of Revenue
  - **Schedule A3b** – Statement of Expenditures
  - **Schedule A3c** – Statement of Fund balances – reconciles to the financial equity position in Schedule A2.
- **Schedule A4** – Statement of Taxation – This statement records the total property taxes collected by the municipality (and nets out any levies for other jurisdictions – e.g. school board). This statement also records other forms of property taxation including parcel tax, business tax and payments in place of taxation. In addition, this schedule tracks the imposition and collection of total taxes including the balance of taxes receivable.
- **Schedule A5** – Statement of Equity in Physical Assets – This statement records the changes in equity in physical assets over the reporting year.

Unlike PSAB reporting requirements, there is no **Statement of Changes in Financial Position** in the LGDE forms. The Statement of Changes in Financial Position reports the changes in a local government's cash position during an accounting period (PS 1800.50) resulting from operating, investment and financing activities. This statement is not required because the Province is less concerned with the actual use of cash in a given reporting period and more concerned with the overall liquidity of the local government (as can be obtained from the Statement of Financial Position – Sch A2).

### Part B – Debt and Other Commitments

This part of LGDE tracks the total debt level of a local government plus any other long-term commitments that may not be included in the Statement of Financial Position and calculates the annual liability servicing limit of municipalities.

- **Schedule B1** – Authorized Debenture Debt & Short Term Capital Borrowing

- **Schedule B2** – Other Commitments not Included in Schedule A2 – This is a roll up schedule that includes any material commitments of the local government that are not included in the Statement of Financial Position
  - **Schedule B2a** – Loan Guarantees Under Bylaw
  - **Schedule B2b** – Loan Guarantees Under Agreement
  - **Schedule B2c** – Agreements Not on Other Schedules
  - **Schedules B2d, e & f** – Long-Term Agreements – specific contracts for goods, tangible assets and/or services.
- **Schedule B3** – Liability Servicing Limit

### **Part C – Statistics and Other Information**

- **Schedule C1** – General Statistics – non-financial statistics of the local government including: area (ha), distance of roads (km) etc.  
These statistics are used to assess key non-financial indicators of the local government. Over the next few years this section may change with a greater emphasis on benchmarking and reporting of local government accomplishments as required under the *Community Charter*.
- **Schedule C2** – Home Owner Grant (HOG) Auditor Certification – this schedule records how the HOG was applied to various taxes (school and municipal) and must be signed by the auditor.

### **Error Checks & Other Schedules not Included Above**

In addition to the schedules listed above, there are two schedules not shown in LGDE (because they require no input); these schedules are **C3 – School Act Auditor’s Certificate** and **D1 – Reconciliation Schedule and Error Check**.

These schedules may be viewed through the print mode.

- Go to the “File” menu
- Select “Print”
- Select Schedules C3 and/or D1

Schedule D1 is especially important because it identifies any area where the LGDE is out of balance.

### **Schedules Requiring a Signature**

The following schedules must be printed, signed by the appropriate authority and submitted to the Ministry:

- **Schedule A1** – Treasurer/Auditor Certification
- **Schedule C2** – Home Owner Grant Auditor Certification
- **Schedule C3** – *School Act* Auditor Certification

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