

Municipal LGDE Help Manual

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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 will be 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 will be published on the Ministry web site.

The LGDE forms are to be prepared in accordance with principles and standards set out in this manual. The LGDE forms can be found on the Local Government Information System (LGIS) website at www.localgovernmentinformationsystem.gov.bc.ca/LGIS.

Should you have any questions or comments please contact Ministry staff at:

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2. General Reporting Requirements for Local Governments in B.C.

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) *Community Charter*). Section 167(4) of the *Community Charter* requires all local governments in British Columbia to prepare financial statements, and submit annual financial information to the Inspector of Municipalities by May 15 of the year following the end of the fiscal year.

PSAB Requirements

Section 167(2) of the *Community Charter* requires all local governments to prepare their annual audited financial statements in accordance with Generally Accepted Accounting Principles (GAAP) for local governments. GAAP 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).

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

The Canadian Institute of Chartered Accountants
277 Wellington Street West
Toronto, ON M5V 3H2
Tel.: 1-800-268-3793
Web Address: 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. In order to bring greater consistency to financial reporting, the Ministry revised the LGDE program to better reflect PSAB financial presentation. Beginning in January 2009 local governments were required to adopt a number of additional accounting standards including PSAB 3150 – Tangible Capital Assets. PSAB 3150 required a number of new reporting requirements for local governments, including amortization of tangible capital assets. The Ministry updated the LGDE in 2008 in advance of the adoption in order to reflect this new change in reporting requirements.

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 consolidated financial information of the local government reporting entity, which is comprised of all the organizations that are controlled by the government. (PS 1300.07).

- **Control** – is the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. (PS. 1300.08).

Please refer to **Appendix A** at the end of this Help Manual. This appendix gives an example of using PSAB 1300 to determine whether an organization is considered part of the reporting entity. It shows the treatment different types of libraries, relative to the local government reporting entity, based on the above criteria of control.

Government Business Enterprises

A Government Business Enterprise (PS 1300.28) 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
- its principal activity is the sale of goods or services to parties other than the local government or its organizations
- the revenue that it receives from outside (the reporting entity) sales and transfers is sufficient to maintain operations and meet liabilities.

Government Business Enterprises are the only organization within the government reporting entity that should not be consolidated. Instead, the modified equity method (PS 3070) of accounting should be applied. Government business enterprises that are controlled by the local government should be included in the LGDE (there are specific lines for both the equity and the income). (PS 1300.35).

Trust Funds

Trusts are defined as property that has been conveyed or assigned to a trustee to be administered as directed by agreement or statute. In a trust relationship, the trustee holds title to property for the benefit of, and stands in a fiduciary relationship to, the beneficiary. (PS 1300.41). As a trustee responsible for administering a trust, the local government is accountable to third parties for the use and disposition of assets and should not be included in the local government reporting entity (i.e. cemetery trusts).

Often, the term “trust” is applied to assets earmarked for a specific use by local government policy decisions when no trust liabilities actually exist. In this case, these assets are considered part of the local government reporting entity and should be consolidated (PS 1300.46).

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 a certification form that states the LGDE forms are prepared in accordance with GAAP for local governments, and are in agreement with the accounting records. The form is to be signed by the auditor if the auditor prepared the LGDE forms instead of the treasurer.
- **Schedule A2** – Statement of Financial Position – This is a statement of the assets, liabilities, non-financial assets, and accumulated surplus of the local government.
- **Schedule A3** – Statement of Operations – This is a statement of the revenues and expenses of the local government.
- **Schedule A4** – Statement of Property 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 Changes in Net Financial Assets / Net Debt – This statement records the changes in net financial assets over the reporting year.

Unlike PSAB reporting requirements, there is no **Statement of Cash Flows** in the LGDE forms. The Statement of Cash Flows reports the changes in a local government's cash position during an accounting period (PS 1200.099) resulting from operating, capital, investing, 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 is more concerned with the overall liquidity of the local government (as can be obtained from the Statement of Financial Position – Schedule 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.

- **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). These statistics are used to assess key non-financial indicators of the local government.
- **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 both the Chief Financial Officer and the auditor.
- **Schedule C3** – *School Act* Auditor’s Certificate– this schedule requires no data input but does require a signature by the auditor (see below).

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.