
GOVERNMENT FINANCE

STATISTICS MANUAL 2001

COMPANION MATERIAL

**CONSOLIDATION
OF THE
GENERAL GOVERNMENT SECTOR**



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Executive Summary

Consolidation is defined in the *Government Finance Statistics Manual 2001 (GFSM 2001)* as a method of presenting statistics for a set of units (or entities) as if they constituted a single unit. This involves eliminating all transactions and reciprocal stock positions among the government units being consolidated. Consolidation may take place at different levels or subsectors of government: intragovernmental consolidation refers to consolidation within a particular subsector or institutional unit of general government; intergovernmental consolidation involves the consolidation all institutional units of general government^{1,2}.

There is general agreement that, for many analytical purposes, it is useful to present data for the general government sector and its subsectors (central government, state governments, and local governments) on a consolidated basis. To understand the reasons for consolidating data for government units, it is necessary to revisit the impact of the consolidation process. The main impact of consolidation is on the magnitude of the aggregates; consolidation eliminates the effects on aggregates of differing administrative arrangements across countries thereby improving fiscal analysis and international comparability. Consolidation adjustments do not have an impact on the core government finance statistics (GFS) balancing items of net/gross operating balance and net lending/borrowing, as the consolidation entries are symmetric within given accounts—it makes no difference whether consolidated or unconsolidated data are used in the calculation of these balances to measure “the overall impact” of the government on the economy or the rest of the world.

Proper consolidation depends on a thorough review of the accounts to be consolidated to identify internal transactions. The goal is not perfect consolidation, but rather to eliminate—in a consistent manner—transactions and positions that will have a significant effect on the final aggregates. Where a review of the accounts reveals that there are small transactions that may be difficult to fully identify, resources should not be devoted to identifying these transactions and their magnitudes. Generally, it is recommended that priority be placed on identifying three potential areas for consolidation: transfers between governmental units, transactions in financial assets and liabilities, and interest income/expense. For balance sheet items (stocks), priority should be given to identifying loans, and securities other than shares for consolidation. Only in cases where intergovernmental taxes and purchases of goods and services are known to be large should efforts be made to identify and consolidate these transactions.

This paper suggests certain rules of thumb that may be followed to determine: (i) if there are transactions to be consolidated; (ii) whether or not to measure them, based on their magnitude and cost of collection; and (iii) which unit(s) may be considered to have the most reliable records. However, circumstances in each country will vary, and the specific rules that are chosen must be based on country-specific circumstances.

¹ The appropriate sectorization of general government (or public sector) units to the subsectors of the general government (or public) sector is a pre-requisite for intragovernmental consolidation, and will be addressed in a separate note.

² This note deals directly and only with issues affecting the consolidation of institutional units in the general government sector. The *GFSM 2001* also recommends compiling data for broader public sector groupings, including the nonfinancial public sector, the nonmonetary public sector, and the overall public sector. Similar consolidation principles apply to these groupings, and will be addressed in a separate note.

Consolidation of the General Government Sector³

“Consolidation is an imperfect science.” (A Manual on Government Finance Statistics, IMF, 1986)

There is general agreement that, for many analytical purposes, it is useful to present data for the general government sector and its subsectors (central government, state government, and local government) on a consolidated basis. On the other hand, national accounts data, even for general government, are presented on an aggregated basis. The reasons for these different approaches to data presentation have not been elaborated, nor has there been extensive discussion of the extent to which consolidation should be carried out. This paper therefore attempts to address the main conceptual issues of what consolidation is, and why and when consolidation should be carried out. In recognition of the fact that consolidation is not an exact science, the paper then describes some of the main practical issues concerning consolidation. It is important to note that the practical exercise of identifying transactions between units to be consolidated can lead to improvements in the underlying data for these units, as the exercise may discover errors in accounting, valuation and classification. In addition, rules of thumb for compilers are outlined. Finally, numerical examples for consolidating central government, local government, and general government are developed.

I. CONCEPTUAL ISSUES

This section addresses three principal issues, (a) what is consolidation, (b) why should general government data be consolidated, and (c) what transactions and stocks should be consolidated.

A. What is consolidation?

Consolidation is defined in the *GFSM 2001* as a method of presenting statistics for a set of units or entities as if they constituted a single unit. Consolidation involves eliminating transactions and reciprocal stock positions among the units to be consolidated.⁴ Consolidation is normally the final step in organizing and presenting government data following the accounting rules of the *GFSM 2001* system.

Compiling data for government involves several stages of organization and presentation. Most data for government are derived from administrative records—usually government accounts and supplementary detailed data that support those accounts. The first step in data compilation is to organize these records according to the analytical framework and classification schemes that will be used. This will involve

³ This note deals directly and only with issues affecting the consolidation of institutional units in the general government sector. The *GFSM 2001* also recommends compiling data for broader public sector groupings, including the nonfinancial public sector, the nonmonetary public sector, and the overall public sector. Similar consolidation principles apply to these groupings, and will be addressed in a separate note.

⁴ Other economic flows, such as valuation changes and other volume changes, do not give rise to consolidation adjustments as they are not flows between units. However, as these flows can affect the measurement of positions between units, it is important to ensure that they are symmetrically valued at the stage of data preparation.

identifying the basic nature of an observation (inflow vs. outflow, repayable vs. nonrepayable, current vs. capital, resident vs. nonresident, and affecting net worth or not), so that the observation can be appropriately classified. In general, when choosing the detail at which observations are collected, the final classification should be taken into consideration. At this stage it may also be necessary to perform certain adjustments to the data such as adjusting cash data to accrual and revaluing foreign currency transactions and positions to local currency. Once this first stage of data preparation has taken place, the details must be put together to form a complete set of data. Data should be organized on a gross basis whenever possible.

The process of consolidation usually follows aggregation of data, and may involve decisions about whether data should be compiled and presented on a gross or net basis.

Aggregation

Aggregation is the process of adding together data for institutional units, subsectors, and sectors within an analytical framework. Aggregation produces “aggregates” that have a defined meaning within that framework. For example, in the *GFSM 2001* system all transactions that increase net worth are added together to produce the aggregate of revenue, and all transactions in nonfinancial assets are aggregated to produce net acquisition of nonfinancial assets. Balancing items are calculated as the difference between aggregates (e.g., net operating balance equals revenue minus expense). In addition, data for government entities or institutional units are aggregated as a first step in compiling consolidated data for a given subsector of general government.

Netting

Data sets in which all elementary items are shown for their full values are called gross recordings. Netting is the offsetting of one item against another. For data compilation, gross recording is always preferred, except in cases where netting is implicit in the category or for certain financial account transactions. Changes in inventories is an example where net compilation is implicit to avoid recording separately all additions to inventory and all withdrawals

While data are generally compiled and presented on a gross basis, there are several cases in which netting may be the preferred form of data presentation. All balancing items are calculated by netting one class of transactions against another, or one class of assets against corresponding liabilities.⁵ In the *GFSM 2001* system, the gross operating balance nets expense (excluding consumption of fixed capital) against revenue,⁶ and net lending/borrowing is calculated by netting transactions in nonfinancial assets against the operating balance (or by the difference between transactions in financial assets and liabilities). In balance sheets, the stock of total assets are offset against total liabilities to produce net worth.

It is important to note that the term “net” is used in two ways in the *GFSM 2001* and the *1993 SNA*. A specific restricted use is the distinction between net and gross balancing items such as the net operating balance (*GFSM 2001*) or Net Domestic Product (*1993 SNA*) where the difference between the gross

⁵ For example, in the national accounts, the gross domestic product (GDP) is calculated by offsetting intermediate consumption against output, and saving is derived by subtracting final consumption from disposable income.

⁶ The net operating balance equals revenue minus expense (including consumption of fixed capital).

and net measures is the subtraction of consumption of fixed capital. Other uses of the word net refer to an increase or decrease within a category (net acquisition of financial assets in the *GFSM 2001*).⁷

In the *GFSM 2001* system, refunds of revenue are netted against receipts of the same category (gross income tax receipts less refunds of income taxes) and expenses that are recovered, such as erroneously paid social benefits, are netted against the expense category. It should also be noted that in the *GFSM 2001* (unlike the *GFSM 1986*), sales of goods and services are recorded gross of the outlays used to produce them. Other economic flows (holding gains and losses and other changes in the volume of assets and liabilities) are presented on a net basis, for instance, holding gains are offset against holding losses for a specific class of asset or liability.

Consolidation

Consolidation is defined in the *GFSM 2001* as a “method of presenting statistics for a set of units as if they constituted a single unit” (*GFSM 2001*, para. 3.91). “Consolidation involves the elimination of all transactions and debtor-creditor relationships that occur among the units being consolidated” (*GFSM 2001*, para. 3.92). Similarly, the *1993 SNA* describes consolidation as “a special kind of canceling out of flows and stocks which should be distinguished from other kinds of netting. It involves the elimination of those transactions or debtor/creditor relationships which occur between two transactors belonging to the same institutional sector or sub-sector. Consolidation should not be seen as a sheer loss of information; it entails an elementary specification by the transaction partner” (*1993 SNA*, para. 3.121). Likewise, the *European System of Accounts, 1995 (ESA95)* states that consolidation refers to the elimination, from both uses and resources, of transactions which occur between units when the latter are grouped, and to the elimination of reciprocal financial assets and liabilities (*ESA95*, para. 1.58). Finally, the *Monetary and Financial Statistics Manual 2000 (MFSM 2000)* defines consolidation as “the elimination of stocks and flows that occur between institutional units when the latter are grouped” (*MFSM 2000*, para. 242).

While different wording is used in these manuals, the mechanism for consolidation is the same. A consolidated set of accounts for a unit or group of units is, first, an aggregation of all transactions⁸ or stocks within an agreed analytical framework, followed by the elimination of all transactions or stocks that represent relationships among the unit(s) or entities being consolidated. The process of consolidation does not only eliminate internal transactions, but aggregates for a unit, or group of units, all transactions outside the group in a common framework. **Consolidation has the effect of only measuring transactions or stocks of the consolidated unit(s) vis-à-vis units outside the boundary.** Consolidated aggregates will not reflect economic interaction within the grouping, but only those transactions or stocks that involve interactions with all other institutional units. **Consolidation avoids double counting of transactions or stocks among units**, thus producing aggregates that are not affected by internal interactions. It is this avoidance of double counting that provides the heightened analytical usefulness of consolidated data.

⁷ Monetary statistics often present important aggregates on a net basis (net foreign assets and net claims on government) to facilitate analysis, but the gross underlying positions are always recorded.

⁸ Only transactions and stocks can be consolidated, but other economic flows (revaluations and other volume changes) may need to be adjusted in the reciprocal units to ensure consolidation is carried out properly.

Consolidation does not affect balancing items, that is, the balancing items that are produced by simple aggregation are the same as those produced by consolidation.⁹ This is a result of the **symmetry of the consolidation process**, wherein the two sides of the consolidation adjustment fall within the same broad section of the analytical framework. For example, when preparing data for general government, a grant from a central government to a local government unit is consolidated by eliminating the expense from central government and the revenue from the local government, thus leaving unchanged the operating balance of the general government sector. Similarly, in compiling data for consolidated central government, a loan extended from budgetary central government to an extrabudgetary central government unit would be consolidated by reducing loan assets of the budgetary central government and loan liabilities of the extrabudgetary unit. Net total financing of the consolidated units would be the same under aggregation or consolidation, although the net acquisition of financial assets and net incurrence of liabilities would be smaller under consolidation than aggregation. **When consolidated data produce different balancing items from the unconsolidated data, errors have been made; consolidation adjustments must, both in principle and in practice, be symmetrical.**

It should be noted that **in the GFSM 1986 there was one major instance in which this symmetry was not observed.** Loans for policy purposes by central government to local government(s) were classified above the line for central government as lending minus repayments (a deficit determining item), while the local government classified them as financing. As such, consolidating the central government and local government in the *GFSM 1986* resulted in overall deficit/surplus and financing data that were different from when the transactions were simply aggregated. **This asymmetry has been removed in the GFSM 2001 framework** by classifying all transactions in financial assets and liabilities within the same account.

Consolidation may take place at different levels or subsectors of government. **Intragovernmental** consolidation refers to consolidation within a particular subsector of general government and may be required at two stages. First, a single institutional unit may require consolidation when the unit has multiple funds to carry out its operations and there are transactions among those funds. For example, a country may have a core central government institutional unit that has one or more budgetary accounts, as well as special funds and accounts established for specific purposes. There are often transfers between the budgetary accounts and the special accounts that are recorded on a gross basis as expenses of the budget and revenues of the special fund. Failure to eliminate these transfers would yield aggregates for revenue and expense that result from the accounting device, and not from transactions with other units. This consolidation within a unit is illustrated in Table 1.

The next level of consolidation involves the aggregation of all institutional units within the central government subsector and the elimination of all flows among these units (Table 2). Similarly, state and local government subsectors each must be consolidated to eliminate internal flows and positions (Table 3). Finally, **intergovernmental** consolidation involves the consolidation all institutional units of general government (Table 4).

There is general agreement about the definition, nature, and mechanics of consolidation for government units. There is somewhat less agreement about whether all internal transactions should be eliminated, or whether consolidation should only apply to a specific subset of these internal transactions. For example, some advocate that all internal transactions should be eliminated in

⁹ This is illustrated in the numerical examples contained in this paper.

principle, while others argue that certain transactions (taxes paid by a government unit to another government unit, sales and purchases of goods and services) should be left in aggregates, and only the major items of transfers and loans should be eliminated. Conceptually, the nature of consolidation is to eliminate all flows, but for specific analyses certain gross values may be appropriate (e.g., gross taxes for calculating tax ratios)¹⁰. In practice, the decision about the level of detail employed in consolidation should be based on the policy usefulness of the consolidated data (see section I.C, below). For stock positions, all reciprocal creditor-debtor positions should be eliminated through consolidation.

B. Why should general government data be consolidated?

In the standard *1993 SNA* presentation, national accounts data are always presented on a gross, unconsolidated basis. The IMF's government finance statistics have always been presented on a consolidated basis. While the reasons behind these decisions have never been fully elaborated, some of the reasoning behind these two approaches is highlighted below.

The *1993 SNA* states that "For certain kinds of analysis, information on the transactions of these (sub)sectors with other sectors and the corresponding "external" financial position is more significant than overall gross figures. As a rule, however, the entries in the System are not consolidated." The only elaboration for nonconsolidation is with respect to the measurement of output and intermediate consumption, which should be recorded gross at the level of establishments. Sectoral accounts should also measure output and intermediate consumption on a gross basis. No explicit mention is made about transactions outside the production account, but the above reference to "certain kinds of analysis" supports supplemental presentations on a consolidated basis. As nonmarket output is valued at cost, it does not appear that gross or consolidated measurement of the production account for general government would lead to different measures of value added.

In the national accounts, at the first level of presentation and particularly for the measurement of GDP, data should be unconsolidated. Beyond that, any data adjustments that facilitate analysis are supported. Gross flows and stocks are preferred in calculating aggregates and balancing items, and at least some analytical value is attached to the gross figures, even though they reflect double counting from a sectoral perspective. As noted above, consolidation does not affect the measurement of the national accounts balancing items because the consolidation adjustments are symmetrical within a given account.¹¹

¹⁰ It has been argued that consolidating taxes distorts intercountry comparisons of tax effort. However, intercountry comparisons of tax ratios are very problematic, primarily because of the wide variation across countries in allowances and exemptions for taxes that give rise to so-called tax expenditures. Consolidated taxes are unlikely to be significant, except where there is extensive intergovernmental taxation.

¹¹ Monetary and financial statistics are compiled on a gross, unconsolidated basis, but the *MFSM 2000* recommends that they be presented on a consolidated basis. The manual states "For sectors and subsectors, flows between constituent units should not be consolidated, as a matter of principle, at the elemental level of data reporting and compilation... However, for analytical purposes, the data in the sectoral balance sheets are consolidated to obtain the surveys of financial corporations subsectors and the financial corporations survey." (*MFSM 2000*, para. 243) The aggregates in monetary statistics (claims on the economy and its sectors, monetary aggregates) therefore exclude all positions among financial corporations and only reflect positions with other sectors and the rest of the world. As balance of payment statistics record flows of all resident units of an economy only with units in the rest of the world, there are no consolidation issues.

The *GFSM 2001* states that the GFS system follows the accounting rules of the *1993 SNA* except for consolidation. The manual attributes this to the different uses of the statistics, noting that "...assessing the overall impact of government operations on the total economy or the sustainability of government operations is more effective when the measure of government operations is a set of consolidated statistics rather than unconsolidated statistics."

The *GFSM 1986* was similarly forceful in its recommendation for consolidation. In describing data preparation, the manual (pp. 28-29) states that "Adjustment and correction of the data *must be followed* by consolidation...". Section II.K states "In compiling statistics for a sector or subsector of government, *it is necessary* to eliminate transactions between all units within the circle of government being measured and combine in a common set of categories the sum of their 'external' transactions crossing the circle to and from the rest of the economy." The *GFSM 1986* devoted considerable attention to the substance and mechanics of consolidation, but did not elaborate on the reasons for doing so.

To understand the reasons for consolidating data for government units, it is necessary to revisit the impact of the consolidation process on the data. Consolidation adjustments do not have an impact on the core GFS balancing items of the net or gross operating balance and net lending/borrowing, as the consolidation entries are symmetric within given accounts. Thus, in using these balances to measure "the overall impact" of the government on the economy or the rest of the world, it makes no difference whether consolidated or unconsolidated data are used.

The *GFSM 2001* recommends the consolidated presentation because of its analytical usefulness. Consolidation eliminates the distorting effects on aggregates of differing administrative arrangements across countries. At identical levels of activity, a country that employs a unified budgetary mechanism for carrying out transactions would show smaller unconsolidated aggregates than a country that conducts the same level of activity but uses extrabudgetary accounts that are fed from the budget. It is clear that in both cases the transactions with other units and nonresidents would be the same, but the unconsolidated aggregates in the latter country would be larger.

The main impact of consolidation on the data is on the magnitude of the aggregates. Unconsolidated revenue and expense, for example, may include in each aggregate amounts that arise only from transactions within the coverage of government concerned. These may be relatively small, as in the case of intergovernmental tax payments, or quite large, for example, for grants and loans. To relate government aggregates to the economy as a whole (as in revenue or expense to GDP ratios), it is better to eliminate the internal churning of funds and include only those transactions that actually cross the boundaries with other sectors or nonresidents.

If, indeed, the main analytical use for consolidated data is in the aggregates that are compiled, it may be prudent to determine the extent of internal transactions before committing substantial resources to the consolidation exercise. **The general guideline to be followed is that resources should be allocated to identifying consolidation items in direct proportion to their numeric importance.**

C. What should be consolidated?

In principle, consolidation should cover all intra and intergovernmental transactions, without regard to the nature of these transactions. Ideally, **all transactions that are to be consolidated should be identified in the accounting codes for transactions, with the counterparty of the transaction**

clearly identified. If such counterpart identification is not currently included in the accounting codes, this should be a priority on the next occasion that charts of accounts are revised.

Proper consolidation depends on a thorough review of the accounts to be consolidated in order to identify internal transactions. The goal is not perfect consolidation, but rather to eliminate in a consistent manner transactions and positions that will have a significant effect on the final aggregates. Where a review of the accounts reveals that there are small transactions that may be difficult to identify (fees and charges, perhaps), resources should not be devoted to identifying these transactions and their magnitudes.

Intergovernmental transactions cover a range of categories that may vary greatly in importance. The major transactions, in likely order of importance, cover:

- Grants (current and capital transfers) among general government units or entities;
- Transactions in financial assets and liabilities;
- Interest income/expense;
- Taxes paid by one government unit or entity to another;
- Purchases/sales of goods and services; and
- Acquisitions/disposals of nonfinancial assets.

For balance sheets, there are also reciprocal creditor/debtor relationships within government (see *Holdings of financial assets and liabilities* below).

Grants

For many countries, the largest class of intra- and intergovernmental transactions eligible for consolidation relates to various types of transfer payments. These may be current and capital grants between levels of government, transfers within institutional units or transfers among institutional units. Central governments frequently make grants to lower levels of government or to other institutional units (for example, universities, hospitals, and nonprofit institutions controlled and mainly financed by government units) at the central government level. Central governments may also make budgetary allocations to sinking funds and social security funds as noted above, as well as to other units. These transfers are generally easy to identify and should all be consolidated. For social security, general transfers for the liquidity of the system should be consolidated. However, government direct payments to social security schemes as an employer are never consolidated. These payments are always shown as if paid to employees who, in turn, make the contributions to social security schemes, and are treated as part of compensation of employees (see *GFSM 2001*, paragraphs 3.20 and 6.16).

Transactions in financial assets and liabilities

There is a broad range of financial transactions among government units. Governments may make loans to other governments for policy and other purposes, and government units may acquire the liabilities of other government units for liquidity and other purposes. All direct loans between government units should be consolidated, and all acquisitions of other governments' securities in direct transactions for whatever reason should also be consolidated. Existing government debt instruments acquired on secondary markets should not be consolidated in transactions data, as these transactions

take place with nongovernmental units. However, these acquisitions should be consolidated in balance sheet or debt statistics.¹²

Sinking funds and social security funds are two areas in which large holdings of government securities are likely. Sinking funds are accounting constructs that are established to lead to the orderly retirement of public debt. Sinking funds may be special funds within a broader institutional unit or may be established as separate institutional units with substantial autonomy in decision making. In a few cases, sinking funds may be part of the financial corporations sector (“caisses autonomes”) rather than the general government sector, in which case their transactions and stock positions should not be consolidated with government units. Sinking funds were originally developed to amortize debt in the form of loans, but currently they deal mainly with liabilities in the form of securities. Sinking funds may be established to manage a broad range of government securities, or a fund may be established for each type of securities issued. Sinking funds may be financed in several ways. Most receive regular transfers from the budget and property income from asset holdings; in some cases certain tax revenues may be earmarked for debt redemption and be managed by sinking funds. Sinking funds use this revenue to acquire financial assets. These assets may consist of the liability issue that the fund was set up to amortize, or other government securities. **Government sinking funds transactions should be consolidated.** A sinking fund’s acquisition of its own government’s debt issues should be classified as debt redemption, whether or not it is the issue for which the fund was established or another issue. If sinking funds resell to the public government securities that they were holding, these resales should be treated as additional government financing in the consolidated accounts. Sinking funds may hold assets that are claims on other domestic sectors and may hold foreign assets, particularly if the issue to be amortized is denominated in foreign currency. These assets are not consolidated.

Social security funds often hold government liabilities as their principal or only asset. **Acquisition of government securities from other government units should always be consolidated, and holdings of these securities should be eliminated in preparing consolidated balance sheets.**

Interest income/expense

Intra- and intergovernmental holdings of financial assets and liabilities, and therefore interest payments, are very common. Interest income from and expense to other government units is generally simple to identify in the accounts and should always be consolidated.

¹² In cases where governments issue negotiable securities that sell in secondary markets, the debtor/creditor relationship between government and the holder of the security may change during the life of the security. For example, a central government bond may be sold originally to a bank and then subsequently sold by the bank to a unit of local government. In consolidating the balance sheets of the central government and local government, it is necessary to eliminate the reciprocal financial position. However, no imputation is made for a transaction between the central government and the local government. The change in the debtor/creditor relationship is explained as a reclassification under other changes in the volume of assets. Thus, one would record two separate transactions (neither eliminated in consolidation). In the balance sheet, local government holdings of central government liabilities would be eliminated in the consolidation of stocks data. Central government liabilities to banks would record a negative other volume change (to recognize the sale of the securities by the bank), and an equal and positive other volume change in liabilities to other general government units would also be recorded (to recognize the acquisition of the securities by the local government).

Sinking fund interest arising from holdings of government securities should always be consolidated. Sinking fund interest receivable from claims on other sectors and the rest of the world should be aggregated with other government interest (and are not eliminated in consolidation).

Social security funds also hold large amounts of government securities as assets. These generate interest income that should always be consolidated.

Intergovernmental taxes

The broadest view of the consolidation principle suggests that taxes should be consolidated. There is wide variation across countries with regard to tax liabilities among government units. Some countries exempt other government units from taxes as a principle, while others consistently apply taxation to all (government and nongovernment) units. For each unit being consolidated a thorough review of actual practice is necessary. Where intergovernmental taxation is known to be significant, the major elements should be identified wherever possible. However, for many taxes the tax authorities' records may not identify the ultimate payer. This is particularly true for taxes on goods and services. Unless these are known to be large, they should usually be ignored in consolidation. For certain classes of taxes such as property and payroll taxes, the tax authorities' records may clearly identify the taxpayer, and it may be relatively simple to collect data on these transactions by counterparty.

There are two types of payments by governments that are never consolidated. First, **all employer social contributions**, whether for social security funds or government pension funds, are treated as being paid to the employee as part of compensation and then paid by the employee to the fund (see *GFSM 2001*, paragraphs 4.26 and 6.8). Second, **all taxes withheld by government units**, such as pay-as-you-earn (PAYE) taxes, and paid to other governments should be treated as being paid directly by the employees; the government unit is simply the collecting agent in this case. Taxes on gross payroll and workforce that are not earmarked as social contributions should, however, be consolidated when they are significant and can be identified.

Purchases/sales of goods and services

Goods and services may be sold within government units and among them. It is widespread practice for governments to operate ancillary entities, such as centralized purchasing, printing and publishing, and administrative services. All ministries and departments use these entities and the accounts usually record such transactions. These intergovernmental operations should be consolidated to avoid inflating revenue and expense figures. It may not be possible to identify both sides of these transactions, but the ancillary entities normally keep records and these can be used to measure the counterpart transactions.

Government units may also carry out market activity¹³ or incidental sales with other government units. Where these are known to be significant, they should be identified and consolidated, but in most cases they will be minor, and no consolidation is necessary.

Government units may also be subject to a range of fees and charges by other governments. It is rare for such transactions to be important, and they can usually be ignored.

¹³ Where this market activity can be treated as being carried out by a quasi-corporation, it should be excluded from government and the transactions should be recorded as government transactions with nonfinancial public corporations.

Acquisitions/disposals of nonfinancial assets

Government units may acquire or dispose of nonfinancial assets, such as land, buildings, and equipment, in transactions with other government units. The result of such transactions is the change in ownership of the assets in question from one unit to another, and the resulting movement of the asset from the balance sheet of the selling unit to the purchasing unit. Such transactions between government units should be eliminated in consolidation, as only acquisitions or disposals of assets outside the units being consolidated should remain in the data. This consolidation of transactions does not result in the elimination of the asset from the balance sheet because it remains a tangible asset owned and controlled by a government unit, and contributes to the net worth of the consolidated units.

Holdings of financial assets and liabilities—balance sheet consolidation

Consolidation is also necessary in the presentation of financial assets and liabilities for a government's balance sheet. Only claims on units outside the government to be consolidated and liabilities to outside units should remain on the consolidated balance sheet. For example, all liabilities of a central government held as assets by that government's sinking funds and/or social security funds must be consolidated in presenting central government balances.¹⁴ When consolidating general government, all reciprocal creditor/debtor positions within the units being consolidated should be eliminated.

II. PRACTICAL ISSUES

The preceding presentation focuses largely on the conceptual issues relating to consolidation in identifying the major classes of transactions where consolidation may be necessary. The main point is that **the accounts of all units to be consolidated should be analyzed in sufficient detail to identify where significant internal transactions may be taking place.** As was noted previously, **all transactions that are to be consolidated should be identified in the accounting codes for transactions, with the counterparty of the transaction clearly identified.** If such counterpart identification is not currently included in accounting codes, this should be a priority on the next occasion that charts of accounts are revised.

It is recommended that **priority be given to identifying three potential areas of consolidation for transactions: transfers between governmental units; transactions in financial assets and liabilities; and interest income/expense.** For **balance sheet items (stocks), priority should be given to identifying loans, and securities other than shares for consolidation.** Only in cases where intergovernmental taxes and purchases of goods and services are known to be large should efforts be made to identify and consolidate these transactions. In some cases where transactions that should be consolidated are known to exist it may be impractical or infeasible to identify the data. However, the imperfection of consolidation relates mainly to the practical rather than conceptual difficulties that arise.

¹⁴ If social security schemes are treated as a separate level of government outside the central government, their positions should not be consolidated with other units of central government. This practice is common in Europe and may occur elsewhere. Nevertheless, social security units would be consolidated when compiling general government statistics.

In principle, when a transaction to be consolidated is identified (say a grant from central to local government), it is expected that the corresponding receipt will be found in the accounts of the counterparty (in this case the local government). However, when the local government's accounts are reviewed, there may be no record of the grant, or the grant may be credited in a different period, or the grant receivable may have a different value from the grant payable, or it may be classified as something other than a grant. There are many reasons for such discrepancies. Resolving these discrepancies may not only promote proper consolidation, but will also improve the overall quality of the data.

One of the principle accounting rules underlying the *GFSM 2001* system and the *1993 SNA* is that transactions take place simultaneously for both transactors, and the transaction should be identically valued by both transactors. These rules imply quadruple-entry accounting, that is, each unit will have a debit and credit entry, and these entries should all be of the same value. In addition, both parties should classify the transaction in the same way. Variations from these standards give rise to many of the practical problems in consolidation of both transactions and balance sheet positions.

Differences in timing account for many consolidation problems. The time of recording will depend on whether this event is registered on a cash or accrual basis, as well as other practical characteristics concerning the source data. If there is clear evidence from one party that the transaction took place during a specific period, this information can be used to impute the transaction to the counterpart. For example, a central government may record a transfer at the end of an accounting period, while the recipient may not recognize it until the following period. In this example, if the central government transfer is known to have taken place before the end of the period, the counterpart may be recorded in the local government's data with a contra entry in accounts receivable. This imputation will also improve the quality of the local government's data.

Accounting discrepancies may give rise to consolidation problems. One side of the transaction may provide information in greater detail than the other, or one side may follow accrual principles while the other uses a cash basis. For example, a local government may record interest revenue as a lump sum, and not differentiate between interest received on holdings of central government securities and on corporate sector securities. In such cases, two approaches may be followed. First, the detailed accounting records of the local government may be examined to determine if more information on the origin of interest revenue can be obtained. If this cannot be done readily, the detailed accounts of the central government can be used to see if individual interest payments can be identified. The results from each approach can be assessed to determine which appears to be more reliable, and the more reliable number can be used for both sides of the transaction.

In certain cases, **differences in valuation** may arise. For example, a central government may provide a grant-in-kind as disaster assistance to a local government. The central government may record the goods at acquisition cost, while the local government may have a different valuation principle or simply not have the information from the central government. On its balance sheet, a local government may value its holdings of central government securities at acquisition cost, while the central government values them at market prices. Foreign-currency denominated transactions and positions may also give rise to valuation differences. In all cases of discrepancies caused by valuation differences, the *GFSM 2001* system's valuation rules (*GFSM 2001*, paragraphs 3.73 and 7.22-30) should be applied to both sides of the transaction or stock. If one side is following the system's rules, this valuation should be imputed to the other side.

Other asymmetric recording also causes consolidation problems. The two sides of a transaction may agree on timing and valuation but the clear match cannot be made. This may arise from classification

differences in the two sets of accounts. The two sides might also have different perceptions of a transaction; for example, a donor central government may classify a grant as capital, while the recipient views it as current. Transactions may also be recognized by one side and not the other. For example, a central government may forgive a local government's debt and record the amount correctly as a capital transfer, while the local government does not recognize any transaction to have taken place. Analyzing and resolving these discrepancies from asymmetric recording can lead not only to improved consolidation, but also to improvements in the basic data compilation.

III. RULES OF THUMB

The inexact nature of consolidation arises principally from the practical problems cited above. Practical problems lead to imprecise consolidation and, therefore, practical rules of thumb provide useful and, often, necessary techniques for compilers. Certain rules may be followed to determine: (i) if there are transactions to be consolidated; (ii) whether or not to measure them based on their magnitude and cost of collection; and (iii) which unit may be considered to have the most reliable records. However, circumstances in each country vary, and the rules that are chosen must be based on country-specific circumstances. Some suggestions for general rules of thumb and the sequence for analysis follow:¹⁵

1. All consolidation exercises must begin with an analysis of the accounts involved to determine if there are transactions internal to the unit(s) to be consolidated. This will depend on knowledge of the relationships among the units. Do some units pay taxes to others? Make purchases from or pay fees to other? Pay interest, make grants, make loans or investments to other units or entities?
2. Once these relationships are established, it must be determined if the transactions can be measured or estimated, and whether the amounts will be large in terms of analytical importance.
3. If the amounts are likely to be significant, are they large enough to justify the effort to collect the data and other information for consolidation purposes? Judgment must be applied here, but the rule is always that the effort and cost to identify an amount to be consolidated should be directly proportional to the expected amount and its impact on the aggregates.
4. The "one-side" rule of thumb is commonly used. If there is convincing evidence from one of the transactors that a transaction took place, it can be imputed to the other side, even in the absence of the counterpart records. When such an adjustment is made in the data for a unit where the transactions cannot be directly identified, it will be necessary to ensure that the records for that unit are properly modified.
5. The top-down principle may also be used as a rule of thumb. It is often the case that budgetary accounts, or central government accounts as a whole, are more complete, timely, detailed, and accurate than, say, the local government accounts (or even extrabudgetary accounts). In such cases where there is clear evidence that the central government made a transfer (or any other transaction) to a local government, the transaction, its timing, and its value can be imputed to

¹⁵ Consolidation can never be better than the accuracy achieved in the preparation of the data, which will be addressed in a separate note.

the local government. Similarly, one can often rely on the originator of a transaction to have more reliable accounting records.

6. For transactions in financial assets and liabilities, normally the creditor can be expected to maintain the most reliable records. For loans, the creditor unit usually maintains the most complete records, but, with the recent emphasis on proper debt recording, the debtor unit in some circumstances may be equally reliable. For securities, especially bearer instruments, only the creditor may have the information needed for consolidation. For example, when a central government issues bearer securities, some of which are acquired by, say, the local governments, the central government may have no direct information on who is holding the securities, especially if they can be acquired on secondary markets. It is, therefore, necessary to rely on the creditor records of the local governments.

IV. CONSOLIDATION OF THE GENERAL GOVERNMENT SECTOR— NUMERICAL EXAMPLES

The numerical examples in Tables 1-4 show the *principles* of consolidation, and are not intended to be representative of any particular country's institutional structure of general government. It is possible that not only the central government, but also state governments and/or local governments have main budgetary accounts, extrabudgetary units, and social security schemes. In addition, they may have control over nonfinancial and financial public corporations. In all cases, the same consolidation principles apply. The appropriate sectorization of general government (or public sector) units to the subsectors of the general government (or public) sector is a pre-requisite for intragovernmental consolidation, and will be addressed in a separate note.

The numerical examples below assume the following institutional structure of the general government sector¹⁶:

- Budgetary central government entities:
 - Main budget accounts used by all budgetary entities
 - National Education Fund¹⁷
- Extrabudgetary central government units:
 - Road Construction Fund
 - Sinking Fund
 - Social Security Fund
- Local Governments
 - 4 local government units (municipalities)

¹⁶ The example assumes that there are no state governments.

¹⁷ The example supposes that the National Education Fund was established at the request of foreign donors/lenders who wished to ensure that they could track the grants and loans they provide for education; the budget is expected to partially match the external funds. In this example, the National Education Fund is not a separate institutional unit. It is, however, possible that such a fund could be established as a separate institutional unit. If so, this fund should be consolidated with other extrabudgetary central government accounts, as shown in Table 2.

The numerical examples illustrate consolidation at **four stages**.

First, the core budgetary central government institutional unit is consolidated, as shown in Table 1. The consolidated budgetary central government unit consists of the main budget accounts (budgetary entities) and a National Education Fund. The main budget accounts are assumed to reflect a unified budget, that is, there are no separate current and capital budgets. All flows between the budget and the National Education Fund must be eliminated in consolidation. This is an example of intra-unit consolidation. Note, each row that involves consolidation, shows zero in the consolidated data column.

The **second** stage is to consolidate central government, which consists of the consolidated budgetary central government, a Road Construction Fund, a Sinking Fund, and a Social Security Fund. This is an example of consolidation of a subsector consisting of multiple institutional units. See Table 2.

The **third** stage is the consolidation of the local government subsector, which consists of four local government units. The main point is that there are generally few consolidation items among local (or state) governments, and that there should be relatively little difference between aggregated and consolidated data. This example is shown in Table 3. This example would apply equally to the consolidation of state governments.

The **final** stage is consolidation of the central government subsector and the consolidated local government subsector to form consolidated general government. This example is shown Table 4.

Examples of balance sheet consolidation are also included. Table 1 shows the closing balance sheet for the budgetary central government, which comprises all budgetary entities and the Education Fund. By definition, this is a single balance sheet as balance sheets can only be compiled for institutional units. Table 2 demonstrates the consolidation of the closing balance sheets for the budgetary central government, the Road Construction Fund, the Sinking Fund, and the Social Security Fund, into a consolidated central government closing balance sheet. Table 3 shows the closing balance sheet for the consolidated local government subsector, and Table 4 shows the consolidation of the balance sheets of central and local governments into a general government closing balance sheet.

Table 1. Consolidation of Budgetary Central Government Institutional UnitThe consolidated budgetary central government comprise the main budget and a National Education Fund ^{1/}

	Budget [1]	Education Fund [2]	Aggregated Data [3]=[1]+[2]	Consolidation Adjustment [4]	Consolidated Data [5]=[3]+[4]
STATEMENT OF GOVERNMENT OPERATIONS (Period 1):					
Revenue	7,755	391	8,146	-256	7,890
<i>of which:</i>					
Customs duties receivable:					
From central government ministries	53		53	-53	0
From Road Construction Fund	13		13		13
From local governments	9		9		9
Interest receivable from local governments	77		77		77
Market sales to local governments	22		22		22
Grants receivable:					
From foreign governments	237	188	425		425
From budget		203	203	-203	0
Expense	6,966	380	7,346	-256	7,090
<i>of which:</i>					
Employer contributions to Social Security Fund	217		217		217
Customs duties payable by central government ministries	53		53	-53	0
Interest payable:					
To sinking fund	388		388		388
To Social Security Fund	517		517		517
To local governments	48		48		48
Grants payable:					
To Education Fund	203		203	-203	0
To Road Construction Fund	158		158		158
To sinking fund	758		758		758
To Social Security Fund	423		423		423
To local governments (from budget)	1,507		1,507		1,507
To local governments (from Education Fund)		380	380		380
Net operating balance	789	11	800	0	800
Net acquisition of nonfinancial assets	1,388	253	1,641	0	1,641
<i>of which:</i>					
Disposal of land to local governments	-63		-63		-63
Net lending/borrowing	-599	-242	-841	0	-841
Net acquisition of financial assets	256	33	289	0	289
<i>of which:</i>					
Loans to local governments	118		118		118
Repayments of loans to local governments	-23		-23		-23
Net incurrence of liabilities	855	275	1,130	0	1,130
<i>of which:</i>					
Direct sales of central government securities to:					
Social Security Fund	353		353		353
Local governments	55		55		55
Foreign loans for school construction		291	291		291
Amortization of foreign loans		-16	-16		-16
CLOSING BALANCE SHEET (Period 1): ^{1/}					
Net worth					12,546
Nonfinancial assets					215,802
Fixed assets					151,010
Inventories					6,020
Valuables					20,780
Nonproduced assets					37,992
Financial assets					60,114
Domestic					56,977
<i>of which:</i>					
Loans to local governments					13,415
Foreign					3,137
Liabilities					263,370
Domestic					192,640
<i>of which:</i>					
Central government securities held by:					
Sinking fund					9,635
Social Security Fund					24,992
Local governments					2,727
Foreign					70,730

^{1/} The National Education Fund does not have a separate balance sheet because it is not an institutional unit. If this entity was a separate institutional unit, it would have been consolidated as an extrabudgetary unit in Table 2 of this example.

Table 2. Consolidation of Central Government Units

The consolidated central government comprise the consolidated budgetary central government, the Road Construction Fund, Sinking Fund and the Social Security Fund.

	Consolidated Budgetary [5]	Road Fund [6]	Sinking Funds [7]	Social Security Fund [8]	Aggregated Data [9]= [5]+[6]+[7]+[8]	Consolidation Adjustment [10]	Consolidated Data [11]=[9]+[10]
STATEMENT OF GOVERNMENT OPERATIONS (Period 1):							
Revenue	7,890	385	1,347	3,144	12,766	-2,257	10,509
<i>of which:</i>							
Petroleum tax		177			177		177
Customs duties receivable:							
From Road Construction Fund	13				13	-13	0
From local governments	9				9		9
Interest receivable:							
From local governments	77				77		77
From budgetary central government			388	517	905	-905	0
From other nongovernment units		10	201	33	244		244
Market sales to local governments	22				22		22
Social contributions:							
Nongovernment employer contributions				957	957		957
Central government employer contributions				217	217		217
Employee contributions				1,030	1,030		1,030
Grants receivable:							
From foreign governments	425				425		425
From budgetary central government		158	758	423	1,339	-1,339	0
Expense	7,090	36	37	1,419	8,582	-2,257	6,325
<i>of which:</i>							
Customs duties payable to budget		13			13	-13	0
Employer contributions to Social Security Fund	217				217		217
Interest payable:							
To sinking fund	388				388	-388	0
To Social Security Fund	517				517	-517	0
To local governments	48				48		48
Grants payable:							
To Road Construction Fund	158				158	-158	0
To sinking fund	758				758	-758	0
To Social Security Fund	423				423	-423	0
To local governments (from budget)	1,507				1,507		1,507
To local governments (from Education Fund)	380				380		380
Social benefits				1,375	1,375		1,375
Net operating balance	800	349	1,310	1,725	4,184	0	4,184
Net acquisition of nonfinancial assets	1,641	398	11	27	2,077	0	2,077
<i>of which:</i>							
Disposal of land to local government	-63				-63		-63
Net lending/borrowing	-841	-49	1,299	1,698	2,107	0	2,107
Net acquisition of financial assets	289	1	1,299	1,698	3,287	-353	2,934
<i>of which:</i>							
Loans to local governments	118				118		118
Repayments of loans to local governments	-23				-23		-23
Acquisition of central government securities on market			1,043	1,300	2,343		2,343
Acquisition of CG securities from CG new issues				353	353	-353	0
Net incurrence of liabilities	1,130	50	0	0	1,180	-353	827
<i>of which:</i>							
Direct sales of central government securities to:							
Social Security Fund	353				353	-353	0
Local governments	55				55		55
Foreign loans for school construction	291				291		291
Amortization of foreign loans	-16				-16		-16

Table 2 continues on the next page

Table 2. Consolidation of Central Government Units

The consolidated central government comprise the consolidated budgetary central government, the Road Construction Fund, Sinking Fund and the Social Security Fund.

	Consolidated Budgetary [5]	Road Fund [6]	Sinking Funds [7]	Social Security Fund [8]	Aggregated Data [9]= [5]+[6]+[7]+[8]	Consolidation Adjustment [10]	Consolidated Data [11]=[9]+[10]
CENTRAL GOVERNMENT CONSOLIDATED CLOSING BALANCE SHEETS (Period 1):							
Net worth	12,546	8,839	21,739	30,476	73,600	0	73,600
Nonfinancial assets	215,802	19,952	12,301	2,744	250,799	0	250,799
Fixed assets	151,010	15,407	11,916	2,727	181,060		181,060
Inventories	6,020	4,545	385	17	10,967		10,967
Valuables	20,780	0	0	0	20,780		20,780
Nonproduced assets	37,992	0	0	0	37,992		37,992
Financial assets	60,114	9,210	9,635	27,765	106,724	-34,627	72,097
Domestic	56,977	9,210	9,635	24,992	100,814	-34,627	66,187
<i>of which:</i>							
Loans to local governments	13,415		0	0	13,415		13,415
Central government securities			9,635	24,992	34,627	-34,627	0
Foreign	3,137	0	0	2,773	5,910		5,910
Liabilities	263,370	20,323	197	33	283,923	-34,627	249,296
Domestic	192,640	6,836	197	33	199,706	-34,627	165,079
<i>of which:</i>							
Central government securities held by:							
Sinking fund	9,635				9,635	-9,635	0
Social Security Fund	24,992				24,992	-24,992	0
Local governments	2,727				2,727		2,727
Foreign	70,730	13,487	0	0	84,217		84,217

Table 3. Intergovernmental Consolidation at the Local Governments Level

The consolidated local governments comprise the local governments A, B, C and D.

	Local Governments				Aggregated Data [12]=A+B+C+D	Consolidation Adjustment [13]	Consolidated Data [14]=[12]+[13]
	A	B	C	D			
STATEMENT OF GOVERNMENT OPERATIONS (Period 1):							
Revenue	1,194	923	599	428	3,144	-49	3,095
<i>of which:</i>							
Interest receivable on central government securities	15	13	11	9	48		48
Sales to other local governments	16	9	5	7	37	-37	0
Grants receivable:							
From central government (budget)	621	458	240	188	1,507		1,507
From central government (Education Fund)	103	91	111	75	380		380
From other local governments	5	3	2	2	12	-12	0
Expense	833	705	463	293	2,294	-49	2,245
<i>of which:</i>							
Customs duties payable to central government (budget)	6	0	3	0	9		9
Purchases from central government market establishments	17	5	0	0	22		22
Purchases from other local governments	14	9	8	6	37	-37	0
Interest payable to central government	25	21	14	17	77		77
Grants payable to other local governments	1	4	4	3	12	-12	0
Net operating balance	361	218	136	135	850	0	850
Net acquisition of nonfinancial assets	401	225	153	137	916	0	916
<i>of which:</i>							
Acquisition of land from central government		63			63		63
Net lending/borrowing	-40	-7	-17	-2	-66	0	-66
Net acquisition of financial assets	5	31	13	14	63	0	63
<i>of which:</i>							
Acquisition of CG securities from CG new issues	8	20	16	11	55		55
Net incurrence of liabilities	45	38	30	16	129	0	129
<i>of which:</i>							
Loans from central government	34	28	24	32	118		118
Repayment of loans from central government	-9	-7	-6	-1	-23		-23
LOCAL GOVERNMENTS CONSOLIDATED CLOSING BALANCE SHEETS (Period 1):							
Net worth							29,389
Nonfinancial assets							46,026
Fixed assets							28,116
Inventories							2,157
Valuables							265
Nonproduced assets							15,488
Financial assets							6,080
Domestic							5,992
<i>of which:</i>							
Central government securities held by local governments							2,727
Foreign							88
Liabilities							22,717
Domestic							22,717
<i>of which:</i>							
Central government loans to local governments							13,415
Foreign							0

Table 4. Consolidation of General Government

The consolidated general government comprise the consolidated central government and consolidated local governments.

	Consolidated Central Government [11]	Consolidated Local Government [14]	Aggregated Data [15]=[11]+[14]	Consolidation Adjustment [16]	Consolidated General Government [17]=[15]+[16]
STATEMENT OF GOVERNMENT OPERATIONS (Period 1):					
Revenue	10,509	3,095	13,604	-2,043	11,561
<i>of which:</i>					
Petroleum tax	177		177		177
Customs duties receivable from local governments	9		9	-9	0
Interest receivable:					
From local governments	77		77	-77	0
From central government		48	48	-48	0
From other nongovernment units	244		244		244
Market sales to local governments	22		22	-22	0
Social contributions:					
Nongovernment employer contributions	957		957		957
Central government employer contributions	217		217		217
Employee contributions	1,030		1,030		1,030
Grants receivable:					
From foreign governments	425		425		425
From central government budget		1,507	1,507	-1,507	0
From central government Education Fund		380	380	-380	0
Expense	6,325	2,245	8,570	-2,043	6,527
<i>of which:</i>					
Employer contributions to Social Security Fund	217		217		217
Customs duties payable to central government		9	9	-9	0
Purchases from central government market establishments		22	22	-22	0
Interest payable:					
To local governments	48		48	-48	0
To central government		77	77	-77	0
Grants payable:					
To local governments (from budget)	1,507		1,507	-1,507	0
To local governments (from Education Fund)	380		380	-380	0
Social benefits	1,375		1,375		1,375
Net operating balance	4,184	850	5,034	0	5,034
Net acquisition of nonfinancial assets	2,077	916	2,993	0	2,993
<i>of which:</i>					
Disposal of land to local governments	-63		-63	63	0
Acquisition of land from central government (budget)		63	63	-63	0
Net lending/borrowing	2,107	-66	2,041	0	2,041
Net acquisition of financial assets	2,934	63	2,997	-150	2,847
<i>of which:</i>					
Loans from central government to local governments	118		118	-118	0
Repayment of loans by local governments	-23		-23	23	0
Acquisition of central government securities on market	2,343		2,343		2,343
Acquisition of CG securities from CG new issues		55	55	-55	0
Net incurrence of liabilities	827	129	956	-150	806
<i>of which:</i>					
Loans from central government to local governments		118	118	-118	0
Repayment of loans from central government		-23	-23	23	0
Direct sales of CG securities to local governments	55		55	-55	0
Foreign loans for school construction	291		291		291
Amortization of foreign loans	-16		-16		-16

Table 4 continues on the next page

Table 4. Consolidation of General Government

The consolidated general government comprise the consolidated central government and consolidated local governments.

	Consolidated Central Government [11]	Consolidated Local Government [14]	Aggregated Data [15]=[11]+[14]	Consolidation Adjustment [16]	Consolidated General Government [17]=[15]+[16]
GENERAL GOVERNMENT CONSOLIDATED CLOSING BALANCE SHEETS (Period 1):					
Net worth	73,600	29,389	102,989	0	102,989
Nonfinancial assets	250,799	46,026	296,825	0	296,825
Fixed assets	181,060	28,116	209,176		209,176
Inventories	10,967	2,157	13,124		13,124
Valuables	20,780	265	21,045		21,045
Nonproduced assets	37,992	15,488	53,480		53,480
Financial assets	72,097	6,080	78,177	-16,142	62,035
Domestic	66,187	5,992	72,179	-16,142	56,037
<i>of which:</i>					
Central government loans to local governments	13,415		13,415	-13,415	0
Central government securities held by local governments		2,727	2,727	-2,727	0
Foreign	5,910	88	5,998		5,998
Liabilities	249,296	22,717	272,013	-16,142	255,871
Domestic	165,079	22,717	187,796	-16,142	171,654
<i>of which:</i>					
Central government securities held by local governments	2,727		2,727	-2,727	0
Central government loans to local governments		13,415	13,415	-13,415	0
Foreign	84,217	0	84,217		84,217