

**Documentation of statistics for  
Financial assets and liabilities of local government 2014**

## 1 Introduction

The purpose of the statistics is to analyze the financial assets and liabilities of the municipalities and regions, including especially the liquid assets and long term debt.

## 2 Statistical presentation

The statistic monitors the financial assets and liabilities of municipalities and regions broken down by functions. A function is the equivalent to an account in the accounting plan for municipalities and regions. Only the financial assets and liabilities are published quarterly. The current expenditure etc. is only published annually. Quarterly data are all preliminary, as the accounts of the municipalities and regions are not completed until the final accounts in May the following year. This means that corrections and account changes in the previous quarters of the year may happen.

### 2.1 Data description

The statistics monitor the quarterly financial accounts of municipalities and regions. The accounts are subdivided into several purposes (accounts) and by type of transaction. The accounts make it possible to see e.g. the long-term debt of the municipalities, or the liquid assets of the regions.

The most important variables in the statistic is as follows:

*Account/function:* A function is an account in the official accounting system. The functions are purposive, i.e. there is a function for public schools, one for hospitals, and so on. There are around 400 functions in the accounting system for the municipalities and around 180 functions in the accounting plan for the regions.

*Dranst:* The term 'dranst' is an artificially created term consisting of the first two letters from each of the words 'drift' (current expenditure), 'anlæg' (capital expenditure), and 'status'. The dranst is associated with a function and describes the sort of expenditure or revenue on the function.

*Group:* The groups are used for a more detailed breakdown of the expenditure and revenue within the individual function. The accounting system contains authorised groups in a number of cases. This is especially the case where the central government wishes to be able to find specific information in the municipal and regional accounts.

*Kind:* Currently around 35 kinds exist in the municipal accounting system, which break down the budgets and accounts into types of transactions. Among said kinds are wages, purchase of goods, contractor and craftsmen services, and transfers to persons. The budgets are split into types of transactions on a slightly less detailed level than the accounts. The kind is associated with the function and dranst.

### 2.2 Classification system

The accounts are based on the accounting rules in the official budget and accounting system of the municipalities and regions. The budget and accounting system is centrally governed and contains a breakdown of data on a number of variables. The full accounting system can be found on the website of the Ministry of Economic Affairs and the Interior <http://budregn.oim.dk>. Statistics Denmark receive data on the same level of detail as what can be found in the official accounting system.

### **2.3 Sector coverage**

The statistic covers the quarterly accounts of the 98 Danish municipalities and 5 Danish regions in 2013.

### **2.4 Statistical concepts and definitions**

Dranst: A term used in the municipal chart of accounts. The word dranst is an acronym consisting of the first two letters of each of the Danish words for operation, construction and status. With dranst, the municipal expenses and income etc. are divided by type in nine functions.

### **2.5 Statistical unit**

The statistic is published on a national basis.

### **2.6 Statistical population**

Financial assets and liabilities of local government

### **2.7 Reference area**

Denmark.

### **2.8 Time coverage**

The statistic covers the period 2007Q1 and onwards, i.e. the period after the municipality reform in 2007. Older time series are described under *Length of comparable time series*.

### **2.9 Base period**

Not relevant for this statistics.

### **2.10 Unit of measure**

Items in the municipal and regional accounts are in 1,000 DKK excluding VAT and shown in current prices.

### **2.11 Reference period**

01-10-2014 - 31-12-2014

### **2.12 Frequency of dissemination**

Quarterly.

### **2.13 Legal acts and other agreements**

Notice regarding the budget and accounting system of the municipalities and regions, revision etc. BEK no. 1404/2013 and BEK no. 728/2013.

### **2.14 Cost and burden**

The statistic is based on registers. There is thus no direct response burden. Data is delivered directly from the municipalities and regions' own financial management systems.

### **2.15 Comment**

Additional information is available by contacting Statistics Denmark.

## **3 Statistical processing**

Data is delivered annually from the municipalities and regions' own financial management systems. Error detection is done on a micro level through error detection rules based the official accounting system. The rules are updated annually according to the notices for the municipalities and regions sent out by the Ministry of Economic Affairs and the Interior. The accounts for the individual municipalities and regions are also compared with the accounts of the year before. Both absolute and relative changes are considered and all 98 municipalities and 5 regions are checked.

### **3.1 Source data**

Data is delivered from the municipalities and regions' own financial management systems.

### **3.2 Frequency of data collection**

Quarterly.

### **3.3 Data collection**

Data is received electronically from the municipalities and regions' financial management systems.

### **3.4 Data validation**

Error detection is done on a micro level through on error detection rules based the official accounting system. The rules are updated annually according to the notices for the municipalities and regions sent out by the Ministry of Economic Affairs and the Interior. The quarterly accounts for the individual municipalities and regions are also compared with the same quarter the year before as well as the budget of the year. Both absolute and relative changes are considered. For both types all 98 municipalities and 5 regions are checked. It's estimated that changes are made in about 3,000 out of 150,000 records. There is no estimate of the effect of this in terms of value but the corrections do not influence the main sums of the accounts.

### **3.5 Data compilation**

Data is collected through the municipalities and regions' own financial management systems. After the data collection, Statistics Denmark goes through an electronic error detection and a manual control of data before the publication. The individual municipalities and regions are contacted before corrections of larger errors or errors that influence especially important areas. It's estimated that changes are made in about 3,000 out of 150,000 records. There is no estimate of the effect of this in terms of value but the corrections do not influence the main sums of the accounts.

### **3.6 Adjustment**

There is no correction of data beyond what has already been described under data validation and data treatment.

## **4 Relevance**

There is a great interest in the published municipal and regional quarterly accounts among users with an interest in the municipalities and regions. The users are among others the municipalities and regions themselves, ministries, organizations, the media, politicians, private businesses, and private people. The accounts are also used in a number of other areas, including calculation of the EMU-debt, the EDP questionnaire for Eurostat, government planning, business cycle monitoring, and the financial accounts in the national accounts for government expenditure and revenue.

### **4.1 User Needs**

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### **4.2 User Satisfaction**

Data regarding user satisfaction is not gathered at this time.

### **4.3 Data completeness rate**

The statistic is not covered by EU requirements.

## **5 Accuracy and reliability**

There is a large variation between the quarterly accounts of the individual municipalities, partially because the placement of the individual account items can be interpreted in different ways. Adding to this is a number of unspecified account items (joint purpose).

Some account items are estimated to be more 'safe' than others. This can be due to the fact that they reflect reimbursements from central government and therefore possibly the subject of ministerial interest. Some parts of the accounts are thus more 'safe' on a detailed level than others.

Data for the quarterly accounts are preliminary, as the accounts of the municipalities and regions are not final until May the following year.

### **5.1 Overall accuracy**

The quarterly accounts are a standard data delivery of the municipalities' and regions' accounts. The reports cover the quarterly accounts of all 98 municipalities and 5 regions.

There is a large variation between the quarterly accounts of the individual municipalities, partially because the placement of the individual account items can be interpreted in different ways. Adding to this is a number of unspecified account items (joint purpose). As the quarterly accounts are not yet final, but only an image of the accounts at the time of the data delivery, there can also be differences in how much the individual municipality and region has entered.

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Data for the quarterly accounts are preliminary, as the accounts of the municipalities and regions aren't final until the annual accounts in May the following year. This means that corrections and changes in the prior quarters of the year may take place, and that a part of the expenditure won't be posted until the supplementary period after the data delivery.

### **5.2 Sampling error**

The sampling error is zero, as all municipalities and regions are included.

### **5.3 Non-sampling error**

The statistic covers the entire target population. All municipalities and regions must report their accounts, and missing accounts are not permitted. As the accounts are delivered directly from the municipalities and regions' own financial management systems and compared with data from prior quarters as well as the budget, it is assumed that no major measurement errors exist. If there are blank or invalid variables or dataset the municipality or region is contacted so new data may be sent. Data for the quarterly accounts are preliminary, as the accounts of the municipalities and regions aren't final until the annual accounts in May the following year. This means that corrections and changes in the prior quarters of the year may take place, and that a part of the expenditure won't be posted until the supplementary period after the data delivery.

#### **5.4 Quality management**

Statistics Denmark follows the recommendations on organisation and management of quality given in the Code of Practice for European Statistics (CoP) and the implementation guidelines given in the Quality Assurance Framework of the European Statistical System (QAF). A Working Group on Quality and a central quality assurance function have been established to continuously carry through control of products and processes.

#### **5.5 Quality assurance**

Statistics Denmark follows the principles in the Code of Practice for European Statistics (CoP) and uses the Quality Assurance Framework of the European Statistical System (QAF) for the implementation of the principles. This involves continuous decentralized and central control of products and processes based on documentation following international standards. The central quality assurance function reports to the Working Group on Quality. Reports include suggestions for improvement that are assessed, decided and subsequently implemented.

#### **5.6 Quality assessment**

The quarterly accounts are a standard data delivery of the municipalities' and regions' accounts. The reports cover the quarterly accounts of all 98 municipalities and 5 regions.

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#### **5.7 Data revision - policy**

Statistics Denmark revises published figures in accordance with the [Revision Policy for Statistics Denmark](#). The common procedures and principles of the Revision Policy are for some statistics supplemented by a specific revision practice.

## **5.8 Data revision practice**

With the exception of the 1st quarter figures which are revised when 2nd quarter figures are published, as a result of new figures concerning the end of a new fiscal year, Statistics Denmark produces only one version of the statistic. The reason why the word "preliminary" can be seen when the statistic is published is due to fact that the quarterly statistics are in their nature preliminary. The figures are not considered final, until the financial assets and liabilities are settled by the end of the fiscal year. The difference between the 4th quarter and the final financial assets and liabilities can be explained through value adjustments and financial transactions in the supplementary period.

## **6 Timeliness and punctuality**

The publication time of the quarterly accounts of the municipalities and regions is approx. 35 days, from the last day of the quarter to the publication around 5 weeks later. The statistic is usually published without delay in regards to the announced time.

### **6.1 Timeliness and time lag - final results**

The publication time of the quarterly accounts of the municipalities and regions is approx. 35 days, from the last day of the quarter to the publication around 5 weeks later.

### **6.2 Punctuality**

The statistic has since 2010 been published without delay in regards to the announced time.

## **7 Comparability**

Statistics Denmark has since 1977 electronically received and stored information concerning the financial assets and liabilities of local authorities at the end of the fiscal year.

There is a break in data i 2007 due to the municipality reform, which means that the periods 1984-2006 and 2007- are hard to compare. Furthermore the following factors can complicate comparability over time: changes in the budget- and accounting systems, the assignments in the municipalities can changes over time, and the different ways the municipalities interpret the budget- and accounting system.

### **7.1 Comparability - geographical**

There are no international comparable statistics.



## 7.2 Comparability over time

Statistics Denmark has since 1977 electronically received and stored information concerning the financial assets and liabilities of local authorities at the end of the fiscal year. To monitor the quarterly changes, Statistics Denmark has since the end of 1984 and until 2006 received data regarding the financial changes of local authorities from "KMD" (the Local Government Data Centre) for the municipalities and regions using "KMD", and by questionnaire from the municipalities and counties/regions not using "KMD". Until the 2nd quarter of 1994, Statistics Denmark received quarterly data extracts of the financial movements. The liquid assets and long-term debt were included in the information submitted to Statistics Denmark. From the 2nd quarter of 1994, Statistics Denmark has received information about all financial movements.

There is a break in data in 2007 due to the municipality reform, which means that the periods 1984-2006 and 2007- are hard to compare. Furthermore the following factors can complicate comparability over time:

1. Changes in the budget- and accounting systems.
2. The assignments in the municipalities can change over time.
3. The different ways the municipalities interpret the budget- and accounting system.

## 7.3 Coherence - cross domain

The budgets of the municipalities and regions, the preliminary and final accounts, as well as the financial assets and liabilities all track the expenditure of the municipalities and regions. They are, however, hard to compare to the final accounts in any meaningful way. The quarterly financial accounts are not final data and are only published nationally and on a less detailed level than the final accounts. The budgets are published on municipal and regional level and are final data, but only show the final version of the first approved budgets. Later additional funding and such is not included in these budgets, which hampers a comparison between budgets and accounts. Units, population, variables etc. are the same, however, and are based on the official account system of the municipalities and regions.

## 7.4 Coherence - internal

The accounts are delivered directly from the municipalities and regions and are only received from one source. There is thus internal consistency between sums and functions.

## 8 Accessibility and clarity

The accounts are published in News from Statistics Denmark here: [Subject page for regional accounts](#) and [Subject page for municipal accounts](#) while the data can be found in the following tables in the StatBank: [municipalities](#) and [regions](#). Access to the final municipal and regional accounts is available on the same level of detail as Statistics Denmark collects, either in the StatBank or as a paid service job.

### 8.1 Release calendar

The publication date appears in the release calendar. The date is confirmed in the weeks before.

## **8.2 Release calendar access**

The Release Calendar can be accessed on our English website: [Release Calendar](#).

## **8.3 User access**

Statistics are always published at 8:00 a.m. at the day announced in the release calendar. No one outside of Statistics Denmark can access the statistics before they are published. Theme publications etc. may be published at other times of the day. The National Statistician can decide that such publications may be released before their official publication time, e.g. to the media and other stakeholders.

## **8.4 News release**

The accounts are published in News from Statistics Denmark here: [Subject page for regional accounts](#) and [Subject page for municipal accounts](#).

## **8.5 Publications**

The statistic is not part of larger publications.

## **8.6 On-line database**

Data can be found in the following tables in the StatBank: [municipalities](#) and [regions](#).

## **8.7 Micro-data access**

Access to the final municipal and regional accounts is available on the same level of detail as Statistics Denmark collects, either in the StatBank or as a paid service job.

## **8.8 Other**

Access to the final municipal and regional accounts is available on the same level of detail as Statistics Denmark collects, either in the StatBank or as a paid service job.

## **8.9 Confidentiality - policy**

Access to the final municipal and regional accounts is available on the same level of detail as Statistics Denmark collects, either in the StatBank or as a paid service job.

## **8.10 Confidentiality - data treatment**

Access to the final municipal and regional accounts is available on the same level of detail as Statistics Denmark collects, either in the StatBank or as a paid service job.

### **8.11 Documentation on methodology**

In both the budget- and accounting system used by the municipalities and regions, which is updated by the Ministry of Economic Affairs and the Interior, a description in Danish of the structure of the budget and accounting system and guidelines concerning the financial assets and liabilities are given in chapters 2, 3, and 4. . The full accounting system can be found on the website of the Ministry of Economic Affairs and the Interior <http://budregn.oim.dk>.

### **8.12 Quality documentation**

Results from the quality evaluation of products and selected processes are available in detail for each statistics and in summary reports for the Working Group on Quality.

## **9 Contact**

The administrative placement of this statistics is in the division of Government Finances. The persons responsible are Helene Gjermansen, tel + 45 3917 3465, e-mail: [hgj@dst.dk](mailto:hgj@dst.dk) and Ralf Frimand, tel +45 3917 3053, e-mail: [raf@dst.dk](mailto:raf@dst.dk)

### **9.1 Contact organisation**

Statistics Denmark

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