

**Inventory of the methods, procedures and sources
used for the compilation of deficit and debt data and
the underlying government sector accounts
according to ESA2010**

Lithuania

June 2021

Background

Compilation and publishing of the Inventory of the methods, procedures and sources used to compile actual deficit and debt data is foreseen by Council Regulation 479/2009, as amended.

According to Article 8.1: *“The Commission (Eurostat) shall regularly assess the quality both of actual data reported by Member States and of the underlying government sector accounts compiled according to ESA 2010.... Quality of actual data means compliance with accounting rules, completeness, reliability, timeliness, and consistency of the statistical data. The assessment will focus on areas specified in the inventories of Member States such as the delimitation of the government sector, the classification of government transactions and liabilities, and the time of recording.”*

In line with the provisions of the Regulation set up in Article 9, *“Member States shall provide the Commission (Eurostat) with a detailed inventory of the methods, procedures and sources used to compile actual deficit and debt data and the underlying government accounts. The inventories shall be prepared in accordance with guidelines adopted by the Commission (Eurostat) after consultation of CMFB. The inventories shall be updated following revisions in the methods, procedures and sources adopted by Member States to compile their statistical data”*

The content of the Inventory and the related guidelines have been endorsed by the Committee on Monetary, Financial and Balance of Payments statistics in June 2012 and are followed by all EU Member States. This version introduces references to the ESA 2010 and the updates mirroring the changes introduced by the ESA 2010. It also includes changes introduced by the August 2019 MGDD version.

Contents

A.	Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data	8
1.	General Government	8
1.1.	<i>Central government subsector (S.1311)</i>	8
1.2.	<i>State government subsector (S.1312)</i>	8
1.3.	<i>Local government subsector (S.1313)</i>	9
1.4.	<i>Social security funds subsector (S.1314)</i>	9
2.	Institutional arrangements	10
2.1.	<i>Institutional responsibilities for the compilation of general government deficit and debt data</i>	<i>10</i>
2.1.1	<i>Existence of an EDP unit/department</i>	12
2.1.2	<i>Availability of resources for the compilation of GFS data</i>	12
2.2.	<i>Institutional arrangements relating to public accounts</i>	<i>12</i>
2.2.1	<i>Legal / institutional framework</i>	13
2.2.2	<i>Auditing of public accounts</i>	14
2.2.2.1	<i>General government units</i>	14
2.2.2.2	<i>Public units, not part of general government</i>	14
2.3.	<i>Communication</i>	<i>15</i>
2.3.1	<i>Communication between actors involved in EDP</i>	15
2.3.1.1	<i>Agreement on co-operation</i>	15
2.3.1.2	<i>Access to data sources based on public accounts</i>	15
2.3.2	<i>Publication of deficit and debt statistics</i>	16
2.3.2.1	<i>Publication of EDP data</i>	16
2.3.2.2	<i>Publication of underlying government ESA2010 accounts</i>	16
3.	EDP tables and data sources	17
3.1.	<i>EDP Table 1</i>	<i>17</i>
3.1.1	<i>Compilation of Maastricht debt</i>	17
3.1.1.1	<i>Specification of debt instruments</i>	17
3.1.1.2	<i>Data sources used for the compilation of Maastricht debt</i>	18
3.1.1.3	<i>Amendments to basic data sources</i>	19
3.1.1.4	<i>Consolidation of Maastricht debt</i>	19
3.2.	<i>Central Government sub-sector, EDP table 2A and 3B</i>	<i>19</i>
3.2.1	<i>Data sources for main Central Government unit: "The State"</i>	20
3.2.1.1	<i>Details of the basic data sources</i>	21
3.2.1.2	<i>Statistical surveys used as a basic data source</i>	21
3.2.1.3	<i>Supplementary data sources and analytical information</i>	21
3.2.1.3.1	<i>Supplementary data sources used for the compilation of non-financial accounts</i> ..	22
3.2.1.3.2	<i>Supplementary data sources used for the compilation of financial accounts</i>	22
3.2.1.4	<i>Extra-budgetary accounts (EBA)</i>	22
3.2.2	<i>Data sources for other Central Government units</i>	22
3.2.2.1	<i>Details of the basic data sources</i>	23
3.2.2.2	<i>Statistical surveys used as a basic data source</i>	24
3.2.2.3	<i>Supplementary data sources and analytical information</i>	24
3.2.2.3.1	<i>Supplementary data sources used for the compilation of non-financial accounts</i> ..	24
3.2.2.3.2	<i>Supplementary data sources used for the compilation of financial accounts</i>	24
3.2.3	<i>EDP table 2A</i>	24
3.2.3.1	<i>Working balance - use for the compilation of national accounts</i>	24
3.2.3.2	<i>Legal basis of the working balance</i>	24
3.2.3.3	<i>Coverage of units in the working balance</i>	25
3.2.3.3.1	<i>Units to be classified outside the subsector, but reported in the WB</i>	25

3.2.3.3.2	Units to be classified inside the subsector, but not reported in the WB	25
3.2.3.4	Accounting basis of the working balance	25
3.2.3.4.1	Accrual adjustment relating to interest D.41, as reported in EDP T2	25
3.2.3.4.2	Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2	26
3.2.3.4.3	Other accrual adjustments in EDP T2.....	26
3.2.3.5	Completeness of non-financial flows covered in the working balance	26
3.2.3.6	Financial transactions included in the working balance.....	26
3.2.3.7	Other adjustments reported in EDP T2	27
3.2.3.8	Net lending/net borrowing of central government.....	27
3.2.4	EDP table 3B	27
3.2.4.1	Transactions in financial assets and liabilities.....	27
3.2.4.2	Other stock-flow adjustments.....	30
3.2.4.3	Balancing of non-financial and financial accounts, transactions in F.8...30	
3.3.	State government sub-sector, EDP table 2B and 3C.....	31
3.4.	Local government sub-sector, EDP table 2C and 3D	31
3.4.1	Data sources for Local Government main unit: Municipalities	31
3.4.1.1	Details of the basic data sources.....	31
3.4.1.2	Statistical surveys used as a basic data source	32
3.4.1.3	Supplementary data sources and analytical information	32
3.4.1.3.1	Supplementary data sources used for the compilation of non-financial accounts..	32
3.4.1.3.2	Supplementary data sources used for the compilation of financial accounts	32
3.4.2	Data sources for other Local Government units.....	32
3.4.2.1	Details of the basic data sources.....	33
3.4.2.2	Statistical surveys used as a basic data source.....	33
3.4.2.3	Supplementary data sources and analytical information	33
3.4.3	EDP table 2C.....	33
3.4.3.1	Working balance - use for the compilation of national accounts.....	33
3.4.3.2	Legal basis of the working balance.....	33
3.4.3.3	Coverage of units in the working balance	34
3.4.3.3.1	Units to be classified outside the subsector, but reported in the WB	34
3.4.3.3.2	Units to be classified inside the subsector, but not reported in the WB	34
3.4.3.4	Accounting basis of the working balance	34
3.4.3.4.1	Accrual adjustments relating to interest D.41, as reported in EDP T2C.....	34
3.4.3.4.2	Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2C	34
3.4.3.4.3	Other accrual adjustments in EDP T2C.....	34
3.4.3.5	Completeness of non-financial flows covered in the working balance	34
3.4.3.6	Financial transactions included in the working balance.....	34
3.4.3.7	Other adjustments reported in EDP T2C.....	35
3.4.3.8	Net lending/net borrowing of local government.....	35
3.4.4	EDP table 3D.....	35
3.4.4.1	Transactions in financial assets and liabilities.....	35
3.4.4.2	Other stock-flow adjustments.....	36
3.5.	Social security sub-sector, EDP table 2D and 3E	37
3.5.1	Data sources for Social Security Funds main unit : State Social Insurance	37
3.5.1.1	Details of the basic data sources.....	37
3.5.1.2	Statistical surveys used as a basic data source	37
3.5.1.3	Supplementary data sources and analytical information	38
3.5.1.3.1	Supplementary data sources used for the compilation of non-financial accounts..	38
3.5.1.3.2	Supplementary data sources used for the compilation of financial accounts	38
3.5.2	Data sources for other Social Security units	38
3.5.3	EDP table 2D.....	38
3.5.3.1	Working balance - use for national accounts compilation.....	38

3.5.3.2	<i>Legal basis of the working balance</i>	38
3.5.3.3	<i>Coverage of units in the working balance</i>	38
3.5.3.3.1	Units to be classified outside the subsector, but reported in the WB	38
3.5.3.3.2	Units to be classified inside the subsector, but not reported in the WB	38
3.5.3.4	<i>Accounting basis of the working balance</i>	38
3.5.3.4.1	Accrual adjustments relating to interest D.41, as reported in EP T2D.....	38
3.5.3.4.2	Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2D	38
3.5.3.4.3	Other accrual adjustments in EDP T2D	39
3.5.3.5	<i>Completeness of non-financial flows covered in the working balance</i> ...	39
3.5.3.6	<i>Financial transactions included in the working balance</i>	39
3.5.3.7	<i>Other adjustments reported in EDP T2D</i>	39
3.5.3.8	<i>Net lending/net borrowing of social security funds</i>	39
3.5.4	<i>EDP table 3E</i>	40
3.5.4.1	<i>Transactions in financial assets and liabilities</i>	40
3.5.4.2	<i>Other stock-flow adjustments</i>	41
3.6.	<i>Link between EDP T2 and related EDP T3</i>	42
3.6.1	<i>Coverage of units</i>	42
3.6.2	<i>Financial transactions</i>	42
3.6.3	<i>Adjustments for accrued interest D.41</i>	43
3.6.4	<i>Other accounts receivable/payable F.8</i>	43
3.6.5	<i>Other adjustments/imputations</i>	43
3.7.	<i>General comments on data sources</i>	45
3.8.	<i>EDP table 4</i>	45
3.8.1	<i>Trade credits and advances</i>	45
3.8.2	<i>Amount outstanding in the government debt from the financing of public undertakings</i>	45
4.	<i>Revision policy used for annual GFS</i>	46
4.1.	<i>Existence of a revision policy in your country</i>	46
4.1.1	<i>Relating to deficit and non-financial accounts</i>	46
4.1.2	<i>Relating to debt and financial accounts</i>	46
4.2.	<i>Reasons for other than ordinary revisions</i>	46
4.3.	<i>Timetable for finalising and revising the accounts</i>	46
B.	<i>Methodological issues</i>	47
5.	<i>Sector delimitation – practical aspects</i>	47
5.1.	<i>Sector classification of units</i>	47
5.1.1	<i>Criteria used for sector classification of new units</i>	49
5.1.2	<i>Updating of the register</i>	49
5.1.3	<i>Consistency between different data sources concerning classification of units</i>	50
5.2.	<i>Existence and classification of specific units</i>	50
6.	<i>Time of recording</i>	52
6.1.	<i>Taxes and social contributions</i>	52
6.1.1	<i>Taxes</i>	52
6.1.2	<i>Social contributions</i>	53
6.2.	<i>EU flows</i>	54
6.2.1	<i>General questions</i>	54
6.2.2	<i>Cash and Schengen facility:</i>	56
6.2.3	<i>EU financial instruments</i>	56
6.2.4	<i>Market Regulatory Agencies</i>	57
6.3.	<i>Military expenditure</i>	58
6.3.1	<i>Types of contracts</i>	58

6.3.2	<i>Borderline cases</i>	58
6.3.3	<i>Recording in national accounts</i>	58
6.4.	<i>Interest</i>	59
6.4.1	<i>Interest expenditure</i>	59
6.4.2	<i>Interest Revenue</i>	59
6.4.3	<i>Consolidation</i>	60
6.4.4	<i>Recording of discounts and premiums on government securities</i>	60
6.4.5	<i>Recording of interest accrued on intergovernmental loans in dispute and interest accrued on intergovernmental loans unlikely to be repaid</i>	60
6.5.	<i>Time of recording of other transactions</i>	61
7.	<i>Specific government transactions</i>	62
7.1.	<i>Guarantees, debt assumptions</i>	62
7.1.1	<i>Guarantees on borrowing</i>	62
7.1.1.1	<i>New guarantees provided</i>	62
7.1.1.2	<i>Treatment of guarantees called</i>	63
7.1.1.3	<i>Treatment of repayments related to guarantees called</i>	63
7.1.1.4	<i>Treatment of write-offs by government in public accounts of government assets that arose from calls, if any</i>	64
7.1.1.5	<i>Data sources</i>	64
7.1.2	<i>Guarantees on assets</i>	64
7.1.3.	<i>Standardized Guarantees</i>	64
7.2.	<i>Claims, debt cancellations and debt write-offs</i>	65
7.2.1	<i>New lending</i>	65
7.2.2	<i>Debt cancellations</i>	66
7.2.3	<i>Repayments of claims</i>	67
7.2.4	<i>Debt write-offs</i>	67
7.2.5	<i>Sale of claims</i>	67
7.3.	<i>Capital injections in public corporations</i>	68
7.4.	<i>Dividends</i>	69
7.5.	<i>Privatization</i>	70
7.6.	<i>Public Private Partnerships</i>	71
7.7.	<i>Financial derivatives</i>	73
7.7.1	<i>Types of derivatives used</i>	73
7.7.2	<i>Data sources</i>	73
7.7.3	<i>Recording</i>	73
7.8.	<i>Payments for the use of roads</i>	74
7.9.	<i>Emission permits</i>	74
7.10.	<i>Sale and leaseback operations</i>	75
7.11.	<i>Securitisation</i>	75
7.12.	<i>Mobile phone licenses</i>	76
7.13.	<i>Transactions with the Central Bank</i>	76
7.14.	<i>Lump sum pension payments</i>	77
7.15.	<i>Pension schemes</i>	77
7.15.1	<i>Definition of pensions</i>	77
7.15.2	<i>Classification of pension schemes</i>	77
7.15.3	<i>Classification of social insurance pension schemes</i>	78
7.15.4	<i>Definition of social security schemes</i>	78
7.15.5	<i>Classification of institutional units supporting pension schemes. Borderline cases</i> 78	78
7.16.	<i>Rearranged transactions</i>	78
7.17	<i>Decommissioning costs</i>	78

<i>7.18. Income contingent loans</i>	79
<i>7.19. Concessions</i>	79
<i>7.20. Energy Performance Contracts</i>	79

Annex I – list general government units

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

A. Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

This chapter provides a summary description on the general government sector components and specifies institutional responsibilities and basic data sources used for EDP tables and for the compilation of general government national accounts. Special attention is given to EDP tables: detailed description of components of the working balance and the transition into B.9 (net lending/net borrowing); compilation of Maastricht debt and of stock-flow adjustments; explanation of the link between EDP table 2 and 3, balancing process and statistical discrepancies.

1. General Government

This section describes the coverage of the general government sector and the subsectors for Lithuania.

The general government sector is composed by three subsectors: central government S.1311, local government S.1313 and social security funds S.1314. It includes:

1.1. Central government subsector (S.1311)

In Lithuania, the central government subsector S.1311 includes:

Central budgetary organizations (about 400 entities) – President of the Republic of Lithuania, Government of the Republic of Lithuania, the Parliament, 14 ministries, departments, law courts, defence, public order and safety organisations, theatres, museums, social care, education institutions and other budgetary organisations established and managed by ministries or other central authorities.

Central extra-budgetary funds:

- Reserve (Stabilization) Fund;
- Fund for Decommissioning of Ignalina Nuclear Power Station;
- Agricultural Loan Guarantee Fund (Treasury fund)
- Covid-19 Fund.

Public corporations consist of state enterprises and joint stock companies (14 entities). It also contains 18 public health care institutions (17 of them are established by the Ministry of Health, and 1 is established by the Ministry of Social Security and Labour) as well as public higher education institutions (11 universities, 12 colleges) and other non-profit public institutions.

1.2. State government subsector (S.1312)

Not applicable for Lithuania.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

1.3. Local government subsector (S.1313)

In Lithuania, the local government subsector S.1313 includes 60 municipalities with about 2400 budgetary organisations (schools, kindergartens, social care institutions, local museums, libraries, etc.), several enterprises controlled by local government, about 200 public health care institutions established by municipalities, other public institutions.

1.4. Social security funds subsector (S.1314)

In Lithuania, the social security funds subsector (S.1314) consists of these social security funds:

- State Social Insurance Fund (SODRA);
- Compulsory Health Insurance Fund;
- Guarantee Fund;
- Long-term Work Benefits Fund;
- Pension Annuity Fund (since 2020).

[Further details relating to practical aspects of sector classification for individual units into general government sector could be found in Chapter B, section 1](#)

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

2. Institutional arrangements

This section provides general information on institutional arrangements relating to the production and dissemination of government deficit and debt statistics:

- responsibility of national authorities for compilation of individual EDP tables and underlying government national accounts, as defined by ESA2010 Transmission Programme;
- institutional arrangements relating to public accounts which are used by statistical authorities for compilation of government national accounts and EDP tables;
- general overview about bookkeeping system used by public units, internal quality checks and external auditing;
- communication between individual national authorities involved in EDP;
- publication of deficit and debt statistics.

Legal basis for the compilation of GFS and EDP data

The legal basis for the formulation of the budget are:

The Constitution of the Republic of Lithuania; the Law on the Budget Structure; the Statute of the Parliament (Seimas); the Law on the Methodology of Determination of Municipal Budgetary Revenues; the Law on the Approval of the Financial Indicators of the State Budget and Municipal Budgets of an appropriate year; the Rules on the Formation and Execution of the State and the Municipal Budgets approved by the Government Resolution No. 543 of 14 May 2001 and the Strategic Management Methodology approved by the Government Resolution No. 292 of 28 April 2021; other legal acts governing the collection of budgetary revenues and funding of programs.

The Government Resolution No. 1569 of 16 May 2001 on compilation of macroeconomic and related statistics (updated on 11 February, 2015) determines the responsibility of the NSI alongside the MoF to prepare and provide the EDP notification to Eurostat.

For more information, see item [3.2.3.2 Legal basis of the working balance](#).

2.1. Institutional responsibilities for the compilation of general government deficit and debt data

This section describes institutional responsibilities for compilation of Government Finance Statistics (national accounts for general government and EDP tables). Further related information is described in section 2.3 Communication.

National accounts data for general government are transmitted to Eurostat¹ via the following tables (see the related EU legislation)² :

¹ <https://ec.europa.eu/eurostat/web/main/data/database>

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:174:0001:0727:EN:PDF>

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

Table 2 – Main aggregates of general government (annual data)

Table 6 – Financial accounts by sector (annual data)

Table 7 – Balance Sheets for financial assets and liabilities (annual data)

Table 801 – Non-financial accounts by sector (quarterly)

Table 9 – Detailed Tax and Social Contribution Receipts by Type of Tax or Social Contribution and Receiving Sub-sector (annual data)

Table 11 – Expenditure of General Government by function (annual data)

Table 25 - Quarterly Non-financial Accounts of General Government

Table 26 – Balance sheets for non-financial assets (annual data)

Table 27 – Quarterly Financial Accounts of General Government

Table 28 – Quarterly Government Debt (Maastricht Debt) for General Government

Data on government deficits and debt levels are reported to Eurostat twice a year (in April and October) in EDP notification tables³.

Table 1. - Institutional responsibilities for the compilation of general government national accounts and EDP tables

Institutional responsibilities <i>(the appropriate cells are crossed)</i>		NSI	MOF	NCB	Other	
Compilation of national accounts for General Government:						
Nonfinancial accounts	annual	X				
	quarterly	X				
Financial accounts	annual	X				
	quarterly	X				
Maastricht debt	quarterly	X				
Compilation of EDP Tables:						
EDP table 1	actual data	deficit/surplus	X			
		debt	X			
		other variables	X			
	planned data	deficit/surplus		X		
		debt		X		
		other variables		X		
EDP table 2 (actual data)	2A central government		X			
	2B state government					
	2C local government		X			
	2D social security funds		X			
EDP table 3	3A general government		X			

³ <https://ec.europa.eu/eurostat/web/government-finance-statistics/excessive-deficit-procedure/edp-notification-tables>

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

(actual data)	3B central government	X			
	3C state government				
	3D local government	X			
	3E social security funds	X			
EDP table 4		X	X		

NSI - National statistical institute including units subordinated to the NSI (the latter is to be specified in comments)

MOF – Ministry of Finance/Economy including units subordinated to the MOF (to be specified in comments)

NCB – National Central Bank

Other – other national body, to be specified in comments

Official names of the institutions involved in compilation of general government national accounts and EDP tables:

NSI – Lietuvos statistikos departamentas (Lithuanian Department of Statistics – Statistics Lithuania).

MoF – Lietuvos Respublikos finansų ministerija (Ministry of Finance of the Republic of Lithuania).

NCB – Lietuvos bankas (The Bank of Lithuania).

The NSI is responsible for all actual data in EDP Notification tables.

The MoF is responsible for all planned data in EDP Notification tables.

Completed EDP Notification tables are transmitted to Eurostat by the NSI via EDAMIS system.

2.1.1 Existence of an EDP unit/department

There is no EDP unit in Lithuania. EDP data are compiled by the Government Finance Statistics (GFS) Division of the NSI. This division was established on 3rd of December 2012.

2.1.2 Availability of resources for the compilation of GFS data

The GFS Division of the NSI consists of 6 employees.

2.2. Institutional arrangements relating to public accounts

Generally, “public accounts” are basic source data for GFS compilation, i.e. EDP tables as well as annual and quarterly accounts for general government. Public accounts are used by public units and refer to accounting records and related accounting outputs (e.g. financial statements) based on the accounting framework defined by a national legislation. This section provides a general overview on institutional responsibilities relating to public accounts. Further details on public accounts for individual government subsectors are described under relevant sections on data sources and EDP tables.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

2.2.1 Legal / institutional framework

Government units make a set of budget performance reports, produced on a cash basis. Budget institutions apply the Order of the Minister of Finance on the Reporting on Budget Implementation, which focuses on the budget execution reporting. The MoF is responsible for collecting these reports.

Starting from January 2010, by law, all budgetary entities apply the Public Sector Accounting and Financial Reporting Standards (PSAFRS). PSAFRS are based on International Public Sector Accounting Standards (IPSAS). As defined by the Law of the Republic of Lithuania on Public Sector Financial Reporting, public sector in Lithuania covers these groups of entities: the State, municipalities, budgetary entities, resource and tax funds; also public institutions controlled by the general government and operating in these areas: public health care, public social care, public universities and public secondary schools. The scope of the public sector is not the same as in the general government sector.

These standards foresee that financial statements are produced on a quarterly basis by the entities of the public sector. This reform enables the MoF to prepare annual State and National consolidated financial statements. The whole process is supervised by the MoF. The new accounting system provides accrual based financial statements. The MoF is responsible for bookkeeping standards and designing of financial statements used by public sector units, as defined by the Law on Public Sector Financial Reporting. Also the MoF implements internal quality, consistency checks and validation of the financial statements, which public sector units submit to the Public sector accounting and reports consolidation information system (VSAKIS) database.

Public corporations use the accrual bookkeeping system according to the Business Accounting Standards (BAS). Public corporations might have such legal forms: state enterprises (“valstybės įmonės”), municipal enterprises (“savivaldybės įmonės”), joint stock companies (“akcinės bendrovės”), limited companies (“uždaroji akcinė bendrovė”). There are no significant differences in accounting standards used by state and municipal enterprises, as well as joint stock and limited companies.

BAS are prepared and approved by the Authority of Audit and Accounting according to the 3rd article of the Law of Accounting of the Republic of Lithuania. BAS are reviewed periodically. New edition of the Standard is published and confirmation is settled each time when a revision or addition of the Standard is made. Annual financial statements of enterprises, including state enterprises and other government controlled companies, are collected by the state enterprise “Registru centras”. Semi-annual and annual financial statements of state enterprises and other central government controlled companies are collected by Governance Coordination Centre and they are published on the website <https://governance.lt/en/apie-imonas/vvi-sarajas/>.

Public institutions, which are not in the scope of public sector as defined by the Law on Public Sector Financial Reporting, use bookkeeping system according to the Rules of Accounting and Preparation and Submission of Financial Statements of Non-Profit Limited Civil Liability Legal Persons approved by the Order of the MoF No. 1K-372 of 22 November 2004.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

2.2.2 Auditing of public accounts

2.2.2.1 General government units

The following auditing authorities are responsible for auditing of accounts of individual general government units:

- National Audit Office of Lithuania (NAOL),
- the municipal auditors (municipal control and audit offices),
- independent audit companies and auditors.

Financial and budget execution statements of budgetary institutions, tax funds, the State Social Insurance Fund and the Compulsory Health Insurance Fund (central government and social security funds subsectors) are audited by NAOL, financial and budget execution statements of budgetary institutions (local government) are audited by municipal auditors (there are 60 municipal control and audit offices). It is done annually.

NAOL audits the national set of financial statements. The national set of statements consolidates sets of statements of the state, local government, the State Social Insurance Fund and the Compulsory Health Insurance Fund, Pension Annuity Fund and other funds and covers financial information of all public sector entities.

The aim for this audit is to assess fairness of presentation of the data of the national set of financial statements. Auditor's report and audit report are issued and submitted to parliament and government in a manner established by law. These documents are publicly available (on the website of NAOL (<https://www.valstybeskontrolė.lt/EN/PublicAudit>)).

In the case of government owned companies, their financial statements are audited by independent private audit companies.

2.2.2.2 Public units, not part of general government

Mostly independent audit companies are responsible for audit of accounts of public corporations (government owned companies). According to the law, public corporations financial statements are audited annually. The accounting requirements for state and municipality owned companies are the same as private companies.

In accordance with the Law on National Audit Office, the National Audit Office of Lithuania (NAOL) audit undertakings of all types to which a state has provided or transferred assets and (or) on which public sector entity makes a decisive impact; NAOL audits the legality of the use of government funds allocated to such companies, performance audit might be also issued but the financial statements are not audited by NAOL. The municipal auditors (municipal control and audit offices) audit municipally owned companies, the scope of such audit is decided in their annual plan.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

2.3. Communication

2.3.1 Communication between actors involved in EDP

2.3.1.1 Agreement on co-operation

The NSI, the MoF and the NCB cooperate in the field of the EDP. NCB do not directly participate in the EDP compilation process; it provides data on financial transactions and stocks.

The cooperation between the NSI and the MoF is regulated by the Schedule for the Provision of Statistical Information on the General Government Deficit, Debt and other Macroeconomic Statistics (approved on 21 December, 2007, updated on 25 June 2018 and signed by the Minister of Finance and the Director General of the NSI). This schedule identifies the institution providing administrative data and producing statistics (division or department) and the institution receiving information (division) and defines, as well, the deadlines for the submission of particular information.

The cooperation between the NSI and the NCB is regulated by the Agreement for the Provision of Statistical Information and Data (approved on 8 December, 2009 and last updated on 19 November, 2020).

The cooperation between the NSI and the National Audit Office of Lithuania (NAOL) in both its capacities as the auditor of the government's financial statements and as the Lithuanian Independent Fiscal Authority is regulated by the Agreement on Cooperation and Agreement for the Provision of Statistical Information (approved on 4 June, 2021).

Although there is no separate working group for EDP and GFS matters as such, methodological issues may be raised in the Inter-institutional Macroeconomic Statistics Experts group, chaired by deputy director general of the NSI, comprising representatives for the NSI, the MoF, the NCB, the Ministry of Economy and some other institutions. Inter-institutional Macroeconomic Statistics Experts group provides advice directed to the NSI or the NCB.

Sectorisation questions are discussed within an Inter-institutional Working Group on Sectorisation, chaired by the head of the Economic Entities Register Division of the NSI. This working group inter alia provides proposals for the inclusion of problematic economic entities in general government sector. The NSI can intervene into public accounts, e.g. in the coverage of general government units. Meetings of these working groups are initiated mostly by the chairman or members of working groups. The final minutes are prepared after some weeks of the meetings and published on the intranet of the NSI.

2.3.1.2 Access to data sources based on public accounts

The NSI has the access to public accounts (public sector accounting and report consolidation information system – VSAKIS) database of the MoF. The coverage of units in this database is the public sector as defined by the Law on Public Sector Financial Reporting.

NSI also has an access to database of state enterprise “Registrijų centras” which provides annual financial reports of almost all legal entities registered in Lithuania.

Institutional arrangements, sources, procedures and methods used for the calculation of deficit and debt data

2.3.2 Publication of deficit and debt statistics

2.3.2.1 Publication of EDP data

All EDP Notification tables are published by NSI in the second half of April/October. Some information is also published by the MoF and the NCB.

2.3.2.2 Publication of underlying government ESA2010 accounts

The main data of GFS, metadata, and EDP Inventory are published on the NSI internet website: https://osp.stat.gov.lt/en_GB/valdzios-sektorius-finansai

3. EDP tables and data sources

This section reports on availability and use of basic data sources for the compilation of national accounts and EDP tables, by general government subsectors and main units/groups of units. It also aims at describing adjustments to basic data source in order to compile ESA2010 based deficit/surplus; EDP tables compilation techniques, balancing practices; link between EDP table 2 and 3.

3.1. EDP Table 1

EDP Table 1 provides the core, summary information for the reporting period, as requested by the related EU legislation⁴: net borrowing(-)/net lending(+)(B.9) for general government sector and its subsectors, outstanding amount of Maastricht debt by instruments, Gross Domestic Product (GDP), gross fixed capital formation (GFCF) for GG sector and data on interest expenditure (D.41).

This section focuses on Maastricht debt only. A detailed description of B.9 calculation and data sources for individual subsectors is covered under section 3.2.

3.1.1 Compilation of Maastricht debt

3.1.1.1 Specification of debt instruments

Maastricht debt provided in EDP Table 1 is constituted by the following debt instruments:

- Currency and deposits (AF.2). This instrument is relevant only to S.1311 subsector as it contains saving notes, and collaterals.
- Short-term debt securities (AF.31). This category is also applicable only for S.1311 subsector and covers treasury bills issued by the Government. Treasury bills are maturity shorter than one year and issued in domestic market.
- Long-term debt securities (AF.32). Under this category government bonds issued in national and foreign currencies in both domestic and foreign markets are recorded. Government securities are sold in auctions and by private placement. Mainly all securities are borrowed at fixed interest rates. Concerning maturity, the major part of government securities has maturity of 5 years and more. Regarding distribution of government securities by currencies, the main part of securities is issued in euros. Securities denominated in other currencies are hedged with financial derivatives against exchange-rate risk. Same as before this debt instrument is not applicable for S.1313 and S.1314 subsectors.
- Short-term loans (AF.41). This debt instrument includes short-term loans, and restructured trade credits.
- Long-term loans (AF.42). This category covers loans granted by commercial banks, and international financial institutions (European Investment Bank, Nordic Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, etc.), financial lease, loans under PPP contracts and ESCO projects, long-

⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:069:0101:0101:EN:PDF>

term trade credits. Local Government and Social Security Funds also receive loans from Central Government.

All debt instruments are valued at face value that is equal to the contractually agreed amount outstanding at the end of the year and exclude accrued interest.

Lithuania has significant amount of long-term trade advances related to purchases of Ministry of National Defence Republic of Lithuania, it is recorded as long-term loans (AF.42 A). Amounts of long-term trade credits as liabilities of Lithuanian General Government are negligible and mostly related to factoring or restructuring. Such liabilities are also recorded as long-term loans (AF.42 L) and included in Maastricht Debt.

Neither deposits with capitalised interest, nor capitalised interest bonds exist in Lithuanian Government finances.

3.1.1.2 Data sources used for the compilation of Maastricht debt

The main data source for Maastricht debt compilation is detailed register of debt securities owners. It provides data which is used to calculate debt related to saving notes, treasury bills, and bonds. This register is maintained and provided by NCB. Information about loans from local credit institutions is also provided by NCB.

MoF measures and provides SWAP impact for bonds issued in foreign currency. MoF also provides information about collaterals, foreign loans taken by Central Government. MoF collects Debt liabilities survey “3-SAV” which is filled by municipalities, provides missing information about AF.42 liabilities which are not related to local credit institutions. MoF also provides information about loans provided to S.1313/S.1314.

NSI collects statistical survey “KS-02” which provides additional information about debt related to financial lease not related to local credit institutions.

Public Investment Development Agency (VIPA) provides amount of outstanding loan from European Bank for Reconstruction and Development (EBRD) which is rerouted as S.1311 debt.

Data on loans imputed under PPP/ESCO contracts are gathered from public partners involved in these agreements.

The State Treasury Department of the MoF is responsible for data collection about securities and loans of all general government subsectors. There is an exception to loans granted by domestic banks to S.1311 and S.1313 subsectors, for it the NCB is responsible. The NSI is responsible for estimation of imputed loans under PPP contracts.

The NSI is responsible for verifications and calculations of components in order to compile Maastricht debt.

Data necessary to calculate Central Government debt become available during one month after the end of period, it is published monthly. Remaining data necessary to calculate General Government debt become available during three months after the end of period.

For the first EDP Notification actual data are available and no estimations are made.

3.1.1.3 Amendments to basic data sources

For Maastricht debt, all debt instruments are valued at the face value and there are no deviations in terms of valuation of debt for any general government units.

For debt instruments denominated in foreign currencies, nominal debt data are adjusted by changes due to currency exchange rates. Also for securities denominated in foreign currencies and exchanged into other foreign currencies through swap agreements, the exchange rate determined in the contracts is applied when converting into national currency. Information about appreciation/depreciation of foreign currency debt and data on swap agreements is obtained from the State Treasury Department of the MoF.

Some methodological adjustments are implemented for the debt of S.1311 and S.1313 subsectors. Debt under government guarantees is included in the Maastricht debt only if the enterprise does not pay debt liabilities and guarantees are called three years in a row. After three years of unpaid liabilities the general government assumes the full amount of the guaranteed debt; it is imputed and recorded as debt assumption. For financial lease agreements general government debt is impacted for the full value of the assets when general government acquires the asset. Information for these adjustments is obtained from the State Treasury Department of the MoF. There are not any amendments of data using counterpart information.

There is a link between balance sheets of financial accounts and Maastricht debt data. The stocks of government debt are equal to the following categories of liabilities in balance sheets: currency and deposits (AF.2), debt securities (AF.3) and loans (AF.4), recorded at face value and excluding accrued interest.

3.1.1.4 Consolidation of Maastricht debt

Consolidation of Maastricht debt is made within subsectors and at the level of General Government sector (S.13).

Consolidation within S.1311 subsector covers deposits and debt securities held by other central government units. Consolidation within S.1313 and S.1314 subsectors is not applicable as there are no intra flows to be consolidated.

Consolidation at the level of General Government sector (S.13) is made by eliminating loans granted from central government to local government and social security funds. Also saving notes, treasury bills, and bonds, held by S.1313/S.1314 are consolidated.

Information used for consolidation of Government debt securities held by other Government units is obtained from NCB's securities database. Information about loans provided by Central Government to Local Government, and Social Security Funds is provided by MoF.

3.2. Central Government sub-sector, EDP table 2A and 3B

[Information provided in this section refers to data sources available for the Central Government \(S.1311\), indicates what sources are used for compilation of non-financial and financial accounts and EDP tables for S.1311, and explains the adjustments made in order to comply with ESA2010.](#)

3.2.1 Data sources for main Central Government unit: “The State”

This section describes data sources available and used for compilation of national accounts and EDP tables for the main Central Government unit:

- Basic data sources
- Complementary data sources used for the purpose of special ESA2010 adjustments (e.g. accrual adjustments, recording of specific government transactions, etc.).

The main central government unit, as reported in the working balance of EDP table 2A, refers to the State budget.

Table 2 – Availability and use of basic source data for the main central government unit

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
C	Q	T+85	T+8	(3) Current and capital revenue and expenditure and financial transactions	x	x	x
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
A	Q	T+75	T+8	(9) Other: Government guarantees register			x
A	Q	T+75	T+8	Loans register			x
C	Q	T+85	T+3	Report on borrowed funds		x	x

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

3.2.1.1 Details of the basic data sources

Data sources used for compilation of national accounts

Basic data sources available for compilation of national accounts are obtained from administrative data: the State budget revenue and expenditure implementation reports, guarantee and loan registers and data on borrowed funds.

The State budget data are aggregated for the whole subsector and available by category of transactions that allows distinguishing of non-financial versus financial flows. It is not possible to identify all transfers to/from public corporations, households, rest of the world. EU flows are distinguished only to government and non-government sectors.

Public accounts reporting do not reflect these types of transactions – debt assumption, debt cancellation, accrued interests and taxes, depreciation and expenditure made from borrowed resources. To compile these transactions the additional information from government guarantees register, loans register and borrowed resources application account is used.

Data on State borrowed funds describing inflows and outflows from issuing and borrowing of funds are prepared by the State Treasury Department of the MoF. These data also cover information from state enterprise “Turto bankas” on companies’ repayments to the MoF on guarantees.

The State budget includes financial transactions, which are mostly related to equity acquisition and disposals, loan repayments, financial derivatives, repayments of assumed liabilities. These flows are identified and used in compilation of financial accounts and EDP table 3B. As the State budget covers only part of financial transactions, additional data sources (government guarantees register, report on borrowed funds, reports on securities and other sources) are used to compile EDP table 3B. Balance sheets of budget reporting are not used for compilation of financial accounts and balance sheets. For more detailed information see section [3.2.4. EDP table 3B](#).

The primary sources are non-consolidated ones. Most of detailed information about intra- and inter- transactions is available in the Budget reporting. Flows and stocks which should be consolidated between general government units/subsectors can be distinguished.

Working balance (WB)

Data from the WB are used for national accounts and B.9 compilation.

3.2.1.2 Statistical surveys used as a basic data source

Statistical surveys are not used as a basic data source.

3.2.1.3 Supplementary data sources and analytical information

This section describes supplementary data sources used to amend basic data sources when compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for e.g. for accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

3.2.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

No supplementary data sources are used to compile non-financial accounts for the main central government unit.

3.2.1.3.2 Supplementary data sources used for the compilation of financial accounts

No supplementary data sources are used to compile financial accounts for the main central government unit.

3.2.1.4 *Extra-budgetary accounts (EBA)*

Usually, not all flows of a non-financial nature are recorded in the so called budgetary accounts which enter the WB, as reported in the first line of EDP table 2. Some funds could be put aside as reserves, special purpose funds and are booked in so called “extra-budgetary accounts” - EBA. In some cases, according to national legislation, transactions which are not scrutinized by budgetary rules can be booked in EBA and not in ordinary budgetary accounts. It is very important that all non-financial flows of the main entity, including those entering EBA, are appropriately incorporated into calculations of deficit.

Non-financial flows recorded in EBA

Financial flows recorded in EBA

Some flows of a non-financial and financial nature are recorded in borrowed funds accounts. More information about borrowed funds accounts provided in [3.2.1.1. Details of the basic data sources.](#)

3.2.2 Data sources for other Central Government units

This section describes data sources available and used for compilation of national accounts and EDP tables for other Central Government units (those not reported in the working balance in EDP T2A).

As it was already mentioned, S.1311 also contains a few extra-budgetary funds as well as public corporations, and public institutions.

Table 3 – Availability and use of basic source data for other central government units:

Available source data				Source Data Accounting	Source data used for compilation of	
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			B.9 (NFA)	B.9f (FA)
		First results	Final data			
1	2	3	4	5	7	8
		<i>T + days</i>	<i>T+months</i>			
				Budget Reporting		

EDP tables and data sources - Central Government sub-sector, EDP table 2A and 3B

				(1) Current revenue and expenditure		
				(2) Current and capital revenue and expenditure		
				(3) Current and capital revenue and expenditure and financial transactions		
				(4) Balance sheets		
				Financial Statements		
A	A	T+180	T+8	(5) Profit and loss accounts (LRT, public hospitals, public corporations, public higher education institutions)	x	
A	A	T+180	T+8	(6) Balance sheets (LRT, public hospitals, public corporations, public higher education institutions)		x
A	Q	T+75	T+8	(7) Profit and loss accounts and balance sheets (public hospitals, public higher education institutions)	x	x
A	Q	T+30	T+8	(8) Cash flow statement (Extra-budgetary funds)	x	x
				Other Reporting		
A	Q	T+75	T+8	(9) Statistical surveys (public corporations)	x	x

See notes to table 2, on the used abbreviations.

3.2.2.1 Details of the basic data sources

The NSI retrieves financial statements for public health care and public higher education institutions on the basis of PSAFRS from VSAKIS database of the MoF.

Flows and stocks which should be consolidated between general government units/subsectors can be identified. Also it is possible to distinguish some other flows, which are recorded in other changes in assets and liabilities account. Additional counterpart information from the Compulsory Health Insurance Fund is used for consolidation.

Quarterly reports from MoF are received to compile non-financial and financial accounts of extra-budgetary funds. Also see [2.3.1.2 Access to data sources based on public accounts](#).

Annual and quarterly financial statements of individual public corporations are retrieved from their websites (annual reports are usually received directly from companies because they are not published before EDP April notification). Statements from smallest corporations are not available online because some of them do not have websites, for this reason they are asked to fill statistical survey “F-01”, annual statements from State enterprise “Registru centras“ are also used.

3.2.2.2 Statistical surveys used as a basic data source

Individual public corporation data from financial survey of non-financial enterprises (F-01) are used to compile non-financial and financial accounts.

3.2.2.3 Supplementary data sources and analytical information

This section describes supplementary data sources which are used to amend basic data sources while compiling national accounts. In order to meet ESA 2010 requirements, supplementary data could be used for, e.g., accrual adjustments, reclassification of specific transactions, consolidation, amendments of revenue and expenditure structure, amendments of structure of assets and liabilities, identification of a counterpart sector, etc.

3.2.2.3.1 Supplementary data sources used for the compilation of non-financial accounts

No supplementary data sources are used to compile non-financial accounts for other units of central government.

3.2.2.3.2 Supplementary data sources used for the compilation of financial accounts

No supplementary data sources are used to compile financial accounts for other units of central government.

3.2.3 EDP table 2A

This section provides detailed information on individual lines reported in EDP T2A.

3.2.3.1 Working balance - use for the compilation of national accounts

Data sources used for the working balance compilation are also used for non-financial accounts and B.9 compilation.

3.2.3.2 Legal basis of the working balance

The legal bases for the formation of the budget are the Constitution of the Republic of Lithuania, the Law on the Budget Structure, the Statute of the Parliament (Seimas), the Law on the Methodology of Determination of Municipal Budgetary Revenues, the Law on the Approval of the Financial Indicators of the State Budget and Municipal Budgets of an appropriate year, the Rules on the Formation and Execution of the State and the Municipal Budgets approved by the Government, and the Strategic Management Methodology approved by the Government and other legal acts governing the collection of budgetary revenues and funding of programs.

The procedures for the planning, execution and approval of the State budget and municipal budgets are specified in the Rules on the Formation and Execution of the State Budget and Municipal Budgets approved by the Government Resolution No. 543 of 14 May 2001 of the Government of the Republic of Lithuania, and the Strategic Management Methodology approved by the Government Resolution No. 292 of 21 April 2021.

The MoF submits the draft Law on Budget to the Government which, subject to its examination, submits it to the Seimas no later than 75 days before the end of the budgetary year.

The draft Law on Budget is then examined by the Seimas. The Committees of the Seimas and the Members of the Seimas submit proposals concerning the draft budget law. After the Government adopts the appropriate decisions concerning such proposals, the draft budget law is again considered and approved by the Seimas. The Seimas is obligated to approve the Law on the Budget no later than 14 days from the beginning of the budgetary year.

Budgetary data/reports are audited by the National Audit Office of Lithuania (Lietuvos Respublikos valstybės kontrolė). Data should be audited by 1st October, thereafter the Parliament will vote for the Budget Execution Statement in November. The results from auditing are publicly available at http://www.vkontrole.lt/auditas_isvados.aspx?tipas=9.

3.2.3.3 Coverage of units in the working balance

Two adjustment lines due to sector delimitation appear in EDP table 2A. The purpose of the first adjustment is to exclude flows relating to units which do not belong to the government sector (or to the particular subsector) according to ESA 2010 definition. The second adjustment refers to B.9 of other units which are classified within the particular government subsector, but related inflows/outflows are not included in the working balance.

3.2.3.3.1 Units to be classified outside the subsector, but reported in the WB

Not applicable for Lithuania.

3.2.3.3.2 Units to be classified inside the subsector, but not reported in the WB

There are some units in Lithuania which has to be classified inside the central government subsector, but not reported in the working balance. It comprises of extra-budgetary funds, public corporations, public institution and public health care and public higher education institutions established by the central government. These units are reported under the line B.9 of other central government bodies in EDP table 2A.

Full sequence of ESA 2010 accounts is available for above mentioned units of central government.

3.2.3.4 Accounting basis of the working balance

Working balance is accounted on a cash basis.

3.2.3.4.1 Accrual adjustment relating to interest D.41, as reported in EDP T2

Interest expenditure and revenue in the working balance are on a cash basis. Coupon sold, discount/premium on bonds issued and financial derivatives are recorded in the WB. In EDP table 2A under line “Difference between interest paid and accrued” only adjustments for expenditure are reported. Adjustments for interest revenue are reported in “Other accounts receivable (+)”.

3.2.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2

In EDP table 2A accrual adjustments are recorded under items “Other accounts receivable (+)/payable (-)”. “Other accounts receivable (+)” includes adjustment for value added tax, income tax, and excises with 1 month time lag. Also this item involves adjustments for expenditure of general government on behalf of EU and reimbursements from EU, adjustments for interest receivable and sale of state land. Moreover adjustment related to amendments of the EU budget is included. “Other accounts payable (-)” contains accrual adjustments for advance payments from EU, direct payments for farmers, which refer to 1 year time lag. Under this item adjustment related to restitution to households for real estate property compensation is recorded. This item also covers accrual adjustment for payments to the EU budget and provisions for standardised guarantees, which are granted for state supported student loans. Also accrual adjustment of current expenditure from the report of arrears is reported under “Other accounts payable (-)”.

All accrual adjustments reported in EDP table 2A are consistent with financial accounts and EDP table 3B. See item [3.6.4. Other accounts receivable/payable F.8.](#)

3.2.3.4.3 Other accrual adjustments in EDP T2

There are no other accrual adjustments in EDP table 2A.

3.2.3.5 *Completeness of non-financial flows covered in the working balance*

The adjustment “Non-financial transactions not included in the working balance” in EDP table 2A covers non-financial transactions from other data sources which are not reflected in the working balance but relate to the central government. The line includes adjustments of government revenue and expenditure made from borrowed financial resources, such as direct payments to farmers, payments for guarantees called, companies’ repayments to the MoF on guarantees or purchases of non-financial assets.

Transfers of the state real estate from state institutions to state enterprise “Turto bankas” (Property Bank) for renewal and transfers of renewed, newly build state real estate to state institutions are reported under the item “property transferred to “Turto bankas” for renewal”. Property Bank is a separate unit of other central government body, commissioned to renew state real estate when it does not fulfill the needs of state enterprises, institutions or organisations in implementation of state functions.

Adjustments for unused EU grants paid back to the State budget by final beneficiaries and appropriations paid back the previous year are recorded.

Some other insignificant adjustments such as PPP and ESCO projects are also reported in EDP table 2A.

3.2.3.6 *Financial transactions included in the working balance*

Financial transactions included in the working balance in EDP table 2A cover granted loans, repayments of loans, acquisitions and sales of equity.

The item “Other financial transactions (+/-)” reports financial transactions of coupons sold and payments of financial leasing. Transactions of financial derivatives included in the working balance are also recorded under this item. The working balance as well contains financial transactions corresponding with repayments of assumed liabilities (compensation to the Jewish communities for immovable property, etc.).

3.2.3.7 Other adjustments reported in EDP T2

In EDP table 2A the item “Other adjustments (+/-)” includes debt cancellations, holding gains/losses, interest receivable, and other necessary corrections.

3.2.3.8 Net lending/net borrowing of central government

B.9, as reported in the last line in EDP table 2A, is derived from the same source data used when calculating the WB. See [3.2.1.1 Details of the basic data sources](#) and [3.2.2.1 Details of the basic data sources](#).

3.2.4 EDP table 3B

3.2.4.1 Transactions in financial assets and liabilities

EDP table 3B is compiled using financial accounts.

Table 4. Data used for compilation of transactions and of stocks of financial assets and liabilities

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)	X	X	X	X		X	X	X	X	X	X	X		X
Other transaction data	X	X	X						X	X				
Stock data					X		X						X	
	Calculation of stocks													
Transaction data														X
Stock data	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Data sources used for compilation of financial assets:

F.2. Data on transferable deposits are obtained from the Fiscal Policy Department of the MoF. Information about other deposits is received from money and banking statistics from the NCB.

F.3. Transactions and stocks of debt securities held by the central government units are gathered from the securities database of the NCB. Also information about debt securities held by the MoF and extra-budgetary funds is available from the State Treasury Department of the MoF. The later data source is used for consistency checks. Both data sources cover all debt securities issued by the Government of the Republic of Lithuania.

F.4. The State Treasury Department of the MoF provides information about short-term loans granted to the local government. Also this data source contains information on long-term loans on-lent to public non-financial, financial corporations, local government and social security funds.

F.5. Information on stocks of unlisted shares and other equity is available from the quarterly financial survey of non-financial corporations (F-01). Data of the state enterprises are used to calculate government equity. The NCB provides information on its capital owned by central government. Listed shares are compiled using data of the Equity list of the Stock Exchange. Data from budgetary reporting are used to compile flows of privatization of shares. Data on acquisition of shares are provided by the Fiscal Policy Department of the MoF. Capital of international institutions (shares in the European Investment Bank, paid-in capital in European Stability Mechanism) is recorded under other equity. Data are received from the Fiscal Policy Department of the MoF.

F.6. Non-life insurance technical reserves (F.61 and AF.61) are estimated using balance sheets of insurance corporations and statistical survey of insurance corporations. Other instruments (life insurance and annuity entitlements, pension entitlements, claims of pension funds on pension managers and entitlements to non-pension benefits) are not applicable.

F.7. Financial derivatives are recorded using the report from the Treasury Department of the MoF. Data on stocks are obtained from the money and banking statistics from the NCB. Employee stock options are not applicable in Lithuania.

F.8. Other accounts receivable include data on amounts receivable from the EU, which are obtained from the report of the Fiscal Policy Department of the MoF. The later also provides information on accrual adjustments related to taxes, and sale of land. This category also contains other accounts receivable of other central government bodies that are available from their financial statements. Amounts receivables of public health care and education institutions are available from VSAKIS database.

Data sources used for compilation of financial liabilities:

F.2. Under this instrument savings notes, and collaterals are recorded. Data are obtained from NCB and MoF.

F.3. The State Treasury Department of the MoF provides report on debt securities, which is used to compile flows of short-term and long-term securities. Stocks of debt securities at market value are received from the NCB.

F.4. The loan reports from The State Treasury Department of the MoF are used as a data source for compiling long-term loans received from the rest of the world . Data from statistical survey “KS-02” collected by NSI are used as data source for financial lease not related to local credit institutions Data on short-term and long-term loans granted by domestic banks to central government are obtained from the NCB. Also this instrument covers loans imputed under PPP projects.

F.5. Other equity contains accumulated fund of contributions of state enterprise Deposit and Investment Insurance. This information is gathered from the financial statements.

F.6. This financial instrument covers provisions for calls under standardised guarantees. Guarantees provided to state supported students loans and guarantees issued by public corporations Agricultural Credit Guarantee Fund and INVEGA are considered to be standardised guarantees. In case of students loans the NSI estimates provisions using data from the financial statements of budgetary institution “Valstybinis studijų fondas” (State Studies Foundation), which administers these loans. Also estimations are made using reports from credit institutions about risky loans. Such reports are gathered by the MoF. Concerning guarantees provided by Agricultural Credit Guarantee Fund and INVEGA, data for provisions are available from the financial statements, the NSI does not make estimations. Other instruments (life insurance and annuity entitlements, pension entitlements, claims of pension funds on pension managers and entitlements to non-pension benefits) are not applicable.

F.7. Data on stocks of financial derivatives are obtained from the money and banking statistics from the NCB. Employee stock options are not applicable in Lithuania.

F.8. Other accounts payable contain data on accrual adjustment of current expenditure, which are obtained from the Fiscal Policy Department of the MoF. Also compensations for real estate to households, direct payments to farmers and advance payments from the EU are included. Compensation to the Jewish communities for immovable property and their repayments are recorded under other accounts payable. These data mentioned above are also received from the Fiscal Policy Department of the MoF. Besides this, other accounts payable of other central government bodies that are available from their financial statements are reported. Amounts payables of public health care and education institutions are available from VSAKIS database.

Direct data sources on transactions are used for all financial instruments except equity (F.5) of central government, for which direct information is used in part. For transactions of insurance technical reserves only stock data is available. Money and banking statistics are used for calculation of loans received from and deposits held in domestic banks. Basic data are not compared or amended using counterpart data or other supplementary information.

Some methodological adjustments concerning equity transactions are being made. Superdividends, when payments of dividends are larger than own funds of the corporation, are recorded as transactions in equity (F.51), a capital withdrawal. Capital injections to public corporations, when central government invests for a profitable return or acquires listed shares, are recorded as transactions in equity (F.51).

Financial transactions are recorded on accrual basis and accrued interests are included in the underlying instrument. All transactions are valued at market value. Also all financial transactions cover the same units of the central government. Data from the NCB follow the same delimitation of general government sector.

There are no other estimations made for the EDP Notification April transmission.

3.2.4.2 Other stock-flow adjustments

In EDP table 3B stock-flow adjustments include:

“Issuance above/below nominal value” includes difference between the nominal value of securities and income flows and therefore contains discounts or premiums at issuance. This information is obtained from the State Treasury Department of the MoF.

Item “Difference between interest accrued and paid” covers difference between interest paid and interest accrued over the period.

“Redemption of debt above/below nominal value” contains redemptions of debt above/below nominal value related to the State debt.

Revaluation of securities and loans that are denominated in foreign currencies is recorded under “Appreciation/depreciation of foreign currency debt”. It also includes valuation of denominated securities issued in foreign currency and exchanged to other foreign currency through derivative contracts. Information on financial derivative agreements and revaluation of debt liabilities is obtained from the State Treasury Department of the MoF.

Reclassification of new units in general government sector, which concerns transactions of debt securities, is recorded under the line “Changes in sector classification”. There are no recent cases reported under the item “Other volume changes in financial liabilities”.

3.2.4.3 Balancing of non-financial and financial accounts, transactions in F.8

[This section aims at describing of techniques and methods for balancing non-financial and financial accounts applied generally for the whole general government sector.](#)

Allocation of discrepancy B.9 vs B.9f

The observed difference in B.9f and B.9 is not allocated at the level of data source.

Changes to intermediate data

The counterpart data are not used to obtain the final statistics in financial and non-financial accounts.

Complementary elements on stocks/

Accruals

The observed discrepancy is considered to be a result of different time of recording and a result of different data sources.

Ex-post monitoring

There are no specific mechanisms or thresholds applied to identify too high discrepancies.

3.3. State government sub-sector, EDP table 2B and 3C

Not applicable for Lithuania.

3.4. Local government sub-sector, EDP table 2C and 3D

3.4.1 Data sources for Local Government main unit: Municipalities

Table 5 – Availability and use of basic source data for main local government units

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				Budget Reporting			
C	Q	T+85	T+3	(1) Current revenue and expenditure	x	x	x
C	Q	T+85	T+3	(2) Current and capital revenue and expenditure	x	x	x
C	Q	T+85	T+8	(3) Current and capital revenue and expenditure and financial transactions	x		x
				(4) Balance sheets			
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

3.4.1.1 Details of the basic data sources

Quarterly cash based reports on revenue and expenditure of local government are the basic data sources. Data sets are structured and based on budgetary accounting principles and on

economical and functional classification. Municipal budget uses the same income and expense classification (as approved by the Order of the MoF) as the State budget. This is supplemented by payables information, provided on a quarterly basis. The primary sources are non-consolidated ones. Most of detailed information about intra- and inter- transactions is available in budget reporting.

3.4.1.2 Statistical surveys used as a basic data source

Statistical surveys are not used as a basic data source.

3.4.1.3 Supplementary data sources and analytical information

3.4.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

No supplementary data sources are used to compile non-financial accounts for the main local government units.

3.4.1.3.2 Supplementary data sources used for the compilation of financial accounts

No supplementary data sources are used to compile financial accounts for the main local government.

3.4.2 Data sources for other Local Government units

Table 6 – Availability and use of basic source data for other local government unit

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				Budget Reporting			
				(1) Current revenue and expenditure			
				(2) Current and capital revenue and expenditure			
				(3) Current and capital revenue and expenditure and financial transactions			
				(4) Balance sheets			
				Financial Statements			
A	A	T+180	T+8	(5) Profit and loss accounts (public hospitals and public corporations)		x	
A	A	T+180	T+8	(6) Balance sheets (public hospitals and public corporations)			x

EDP tables and data sources - Local government sub-sector, EDP table 2C and 3D

A	Q	T+75	T+8	(7) Profit and loss accounts and balance sheets (public hospitals)		x	x
				(8) Cash flow statement			
				Other Reporting			
C	Q	T+75	T+5	(9) Report on loans taken by municipalities			x
A	Q	T+75	T+8	(10) Statistical surveys (public corporations)		x	x

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6, 7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

3.4.2.1 Details of the basic data sources

Local government sub-sector includes about 200 health units, which are financed through own source revenues and transfers from the Compulsory Health Insurance Fund (S.1314), but administered through the municipalities. The NSI retrieves financial statements for public health care institutions on the basis of PSAFRS from VSAKIS database of the MoF. Also see [3.2.2.1 Details of the basic data sources](#).

3.4.2.2 Statistical surveys used as a basic data source

Individual public corporation data from financial survey of non-financial enterprises (F-01) are used to compile non-financial and financial accounts.

3.4.2.3 Supplementary data sources and analytical information

No supplementary data sources are used.

3.4.3 EDP table 2C

3.4.3.1 Working balance - use for the compilation of national accounts

Data sources used for the working balance compilation are also used for non-financial accounts and B.9 compilation.

3.4.3.2 Legal basis of the working balance

See item [3.2.3.2 Legal basis of the working balance](#).

3.4.3.3 Coverage of units in the working balance

3.4.3.3.1 Units to be classified outside the subsector, but reported in the WB

Not applicable for Lithuania.

3.4.3.3.2 Units to be classified inside the subsector, but not reported in the WB

Hospitals established by the local government and municipal enterprises are reported under the line B.9 of other local government bodies in EDP table 2C.

3.4.3.4 Accounting basis of the working balance

Working balance is accounted on a cash basis.

3.4.3.4.1 Accrual adjustments relating to interest D.41, as reported in EDP T2C

Interest expenditure and revenue in the working balance are on cash basis. In EDP T2C under line “Difference between interest paid and accrued” are reported adjustments for expenditure.

3.4.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2C

In EDP table 2C accrual adjustments are recorded under items “Other accounts receivable (+)/payable (-)”. “Other accounts receivable (+)” include adjustment for sale of state land. “Other accounts payable (-)” contains accrual adjustment of current expenditure from the report of arrears.

All accrual adjustments reported in EDP table 2C are consistent with financial accounts and EDP table 3D. See item [3.6.4. Other accounts receivable/payable F.8](#).

3.4.3.4.3 Other accrual adjustments in EDP T2C

There are no other accrual adjustments in EDP table 2C.

3.4.3.5 Completeness of non-financial flows covered in the working balance

Expenditure from borrowed funds accounts, privatisation receipts from non-financial assets sold (except shares), acquisition of non-financial assets and other expenditure from privatisation receipts (municipal), imputed capital formation associated with financial leasing agreement are recorded under the adjustment “Non-financial transactions not included in the working balance” in EDP table 2C. Also this item contains adjustments related to PPP contracts, to the program of Modernisation of Multi-apartment Buildings and capital injections to public corporations.

3.4.3.6 Financial transactions included in the working balance

Financial transactions included in the working balance in EDP table 2C cover payments on the financial leasing. From 2012 repayments of the imputed loan of PPP contract has been reported in the working balance.

3.4.3.7 Other adjustments reported in EDP T2C

In EDP table 2C the item “Other adjustments (+/-)” includes interest receivable.

3.4.3.8 Net lending/net borrowing of local government

B.9, as reported in the last line in EDP table 2C, is derived from the same source data used when calculating the WB. See [3.4.1.1 Details of the basic data sources](#) and [3.4.2.1 Details of the basic data sources](#).

3.4.4 EDP table 3D

3.4.4.1 Transactions in financial assets and liabilities

Financial accounts are used to compile EDP table 3D.

Table 7. Data used for compilation of transactions and of stocks of financial assets and liabilities

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)	x	n.a.	n.a.	x	n.a.	n.a.	x	n.a.	n.a.	x	n.a.	n.a.	n.a.	x
Other transaction data	x	n.a.	n.a.		n.a.	n.a.		n.a.	n.a.	x	n.a.	n.a.	n.a.	
Stock data		n.a.	n.a.		n.a.	n.a.	x	n.a.	n.a.		n.a.	n.a.	n.a.	x
	Calculation of stocks													
Transaction data		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.					
Stock data	x	n.a.	n.a.	x	n.a.	n.a.	x	n.a.	n.a.	x				x

n.a. – not applicable

Data sources used for compilation of financial assets:

F.2. Data on transferable deposits are obtained from the Fiscal Policy Department of the MoF. Information about other deposits is received from money and banking statistics from the NCB.

F.5. Information on stocks of unlisted shares and other equity is available from the quarterly financial survey of non-financial corporations (F-01). Data of the municipal enterprises are used to calculate local government equity.

Listed shares are compiled using data of the Equity list of the Stock Exchange. Before 2014 October for flows of shares the privatization data obtained from the State Property Fund have been used. Since reorganisation of the State Property Fund data on privatization are gathered from MoF. Data on acquisitions of shares are collected by directly inquiring municipalities.

F.8. Other accounts receivable include data on amounts receivable for the sale of state land, which are available from the Fiscal Policy Department of the MoF. This category also contains other accounts receivable of other central government bodies (public hospitals and public corporations) that are available from their financial statements.

F.3, F.4, F.6 and F.7 on the assets side are not applicable.

Data sources used for compilation of financial liabilities:

F.4. State Treasury Department of the MoF provides information about loans granted to local government from central government and the State budget. Data on short-term and long-term loans granted by domestic banks to local government are obtained from the NCB. Under this category also imputed debt under PPP contracts is recorded. Statistical survey "3-SAV" is used to collect information about other internal and external debt liabilities.

F.8. Other amounts payable contain local government accrual adjustment of current expenditure, which is obtained from the MoF. It includes other accounts payable of other local government bodies (public hospitals and public corporations) that are available from their financial statements. Also amounts payable under PPP contracts are reported i.e. accrual adjustment of one quarter time lag.

F.2, F.3, F.5, F.6 and F.7 on the liabilities side are not applicable.

Direct data sources on transactions are used for all financial instruments except equity of local government, for which direct information is used in part, and loans received from the domestic banks as such data are compiled using money and banking statistics. Basic data are not compared or amended using counterpart data or other supplementary information. Financial transactions are recorded on accrual basis and accrued interests are included in the underlying instrument.

All financial transactions are valued at market value and cover the same units of local government.

3.4.4.2 Other stock-flow adjustments

Item "Difference between interest accrued and paid" covers difference between interest paid and interest accrued over the period.

Revaluation of loans that are denominated in foreign currencies is recorded under "Appreciation/depreciation of foreign currency debt". Information on revaluation of debt liabilities is obtained from the State Treasury Department of the MoF.

Other adjustments section consist of line "interest receivable" only.

3.5. Social security sub-sector, EDP table 2D and 3E

3.5.1 Data sources for Social Security Funds main unit : State Social Insurance

Table 8 – Availability and use of basic source data for social security funds

Available source data				Source Data Accounting	Source data used for compilation of		
Accounting basis (C/A/M)	Periodicity (M/Q/A/O)	Time of availability of annual results for T-1			WB	B.9 (NFA)	B.9f (FA)
		First results	Final data				
1	2	3	4	5	6	7	8
		<i>T + days</i>	<i>T+months</i>		<i>cross appropriate cells</i>		
				Budget Reporting			
M	Q	T+85	T+3	(1) Current revenue and expenditure	x	x	
M	Q	T+85	T+3	(2) Current and capital revenue and expenditure	x	x	
M/A	Q	T+85	T+8	(3) Current and capital revenue and expenditure and financial transactions	x		x
A	Q	T+85	T+8	(4) Balance sheets			x
				Financial Statements			
				(5) Profit and loss accounts			
				(6) Balance sheets			
				(7) Cash flow statement			
				Other Reporting			
				(8) Statistical surveys			
				(9) Other:			

Accounting basis (column 1): C- cash, A- accrual, M-mixed

Periodicity (column 2); M - monthly, Q - quarterly, A - accrual, O - other, to be specified.

Time of availability (column 4): availability of annual results for T-1 = number of months and days after the reporting period.

Column 6,7 and 8 – those cells are crossed which refer to data sources used for compilation of the WB, B.9 (non-financial accounts) and B.9f (financial accounts), respectively.

Empty cells in column 1, 2, 3 and 4 mean that the data source does not exist.

3.5.1.1 Details of the basic data sources

Social Security Funds sub-sector includes the State Social Insurance Fund, the Compulsory Health Insurance Fund, Long-Term Work Benefits Fund, Guarantee Fund and Pension Annuities Fund. All accounts are on accrual basis.

3.5.1.2 Statistical surveys used as a basic data source

Statistical surveys are not used as a basic data source for social security funds.

3.5.1.3 Supplementary data sources and analytical information

3.5.1.3.1 Supplementary data sources used for the compilation of non-financial accounts

No supplementary data sources are used to compile non-financial accounts for social security funds.

3.5.1.3.2 Supplementary data sources used for the compilation of financial accounts

No supplementary data sources are used to compile financial accounts for social security funds.

3.5.2 Data sources for other Social Security units

There are no other Social Security units.

3.5.3 EDP table 2D

3.5.3.1 Working balance - use for national accounts compilation

Data sources used for the working balance compilation are used for non-financial accounts and also B.9 compilation.

3.5.3.2 Legal basis of the working balance

Most of the laws and rules related to accounting and auditing that are applied by the social security funds are similar to the laws of the central government. The legal basis of the State Social Insurance Fund budget is the Law on Structure of the State Social Insurance Fund Budget. Budget of the Compulsory Health Insurance Fund is ruled by the Law on Health Insurance.

Financial and budget execution statements social security funds are audited by NAOL. For more see [2.2.2.1 General government units](#).

3.5.3.3 Coverage of units in the working balance

3.5.3.3.1 Units to be classified outside the subsector, but reported in the WB

Not applicable for Lithuania.

3.5.3.3.2 Units to be classified inside the subsector, but not reported in the WB

Not applicable for Lithuania.

3.5.3.4 Accounting basis of the working balance

Working balance is accounted on accrual basis.

3.5.3.4.1 Accrual adjustments relating to interest D.41, as reported in EP T2D

There are no accrual adjustments related to interest in EDP table 2D.

3.5.3.4.2 Accrual adjustments reported under other accounts receivable/payable F.8 in EDP T2D

In EDP table 2D accrual adjustments are recorded only under the item “Other accounts payable (-)”. It includes refunds from private pension funds.

3.5.3.4.3 Other accrual adjustments in EDP T2D

There are no other accrual adjustments in EDP table 2D.

3.5.3.5 *Completeness of non-financial flows covered in the working balance*

In EDP table 2D under adjustment “Non-financial transactions not included in the working balance” acquisition and disposal of non-financial assets are recorded.

3.5.3.6 *Financial transactions included in the working balance*

There are no financial transactions included in the working balance.

3.5.3.7 *Other adjustments reported in EDP T2D*

In EDP table 2D the item “Other adjustments (+/-)” includes adjustment for consumption of fixed capital, and difference in compensation of reduced pension rate. Moreover it covers adjustments related to holding gains or losses, debt cancellation.

3.5.3.8 *Net lending/net borrowing of social security funds*

B.9, as reported in the last line in EDP table 2D, is derived from the same source data used when calculating the WB. See [3.5.1.1 Details of the basic data sources](#).

3.5.4 EDP table 3E

3.5.4.1 Transactions in financial assets and liabilities

Financial accounts are used to compile EDP table 3E.

Table 9. Data used for compilation of transactions and of stocks of financial assets and liabilities

Source Data	Assets							Liabilities						
	F.2	F.3	F.4	F.5	F.6	F.7	F.8	F.2	F.3	F.4	F.5	F.6	F.7	F.8
	Calculation of transactions													
Transaction data (integrated in public accounts)	X	X	n.a.	X	n.a.	n.a.		n.a.	n.a.	X	n.a.	X	n.a.	
Other transaction data	X	X	n.a.		n.a.	n.a.		n.a.	n.a.	X	n.a.	X	n.a.	
Stock data			n.a.		n.a.	n.a.	X	n.a.	n.a.		n.a.		n.a.	X
	Calculation of stocks													
Transaction data			n.a.		n.a.	n.a.		n.a.	n.a.		n.a.		n.a.	
Stock data	X	X	n.a.	X	n.a.	n.a.	X	n.a.	n.a.	X	n.a.	X	n.a.	X

n.a. – not applicable

Data sources used for compilation of financial assets:

F.2. Data on transferable deposits are obtained from the Fiscal Policy Department of the MoF. Information about other deposits is received from money and banking statistics from the NCB.

F.3. Data about securities is received from Sodra, and NCB.

F.5. Information about social security funds' equity is obtained from direct data source, balance sheets of the State Social Insurance Fund.

F.8. Other accounts receivable are compiled using balance sheets and bookkeeping accounts of the State Social Insurance Fund and the Compulsory Health Insurance Fund.

F.3, F.4, F.6 and F.7 on the assets side are not applicable.

Data sources used for compilation of financial liabilities:

F.4. Data on loans granted by central government are obtained from the MoF. Data on other loans are obtained from NCB. The balance sheets of the State Social Insurance Fund are used for consistency checks.

F.6. Pension liabilities data are received directly from Pension Annuity Fund managed by Sodra.

F.8. Other accounts payable are compiled using balance sheets and bookkeeping accounts of the State Social Insurance Fund and the Compulsory Health Insurance Fund.

Other instruments on the liabilities side are not applicable.

Direct data sources, balance sheets and bookkeeping accounts, on transactions are used for all financial instruments of social security funds with the exception of loans and deposits. Financial transactions are recorded on accrual basis and accrued interests are included in the underlying instrument.

All financial transactions are valued at market value and cover the same units of social security funds.

3.5.4.2 Other stock-flow adjustments

Only item "Difference between interest accrued and paid" is relevant for social security funds and it covers difference between interest paid and interest accrued over the period.

3.6. Link between EDP T2 and related EDP T3

The monitoring of the link between the individual adjustments in EDP T2 and the related transactions reported in EDP T3 is important for the assessment of GFS data quality.

It is not expected that the adjustments from EDP T2 would be clearly identified in EDT3.

- First, this is due to different coverage of units, because the adjustments in EDP T2 should refer only to the main entity reported in the WB, while transactions in EDP T3 reflect the whole subsector.
- Second, due to the accounting basis and coverage of transactions reported in the WB. For the former, if the WB is on accrual basis, theoretically there is no need for adjustments in other accounts receivable/payable F.8 in EDP T2, but it should be ensured that the accrual recordings in non-financial accounts are linked to transactions in F.8 reported in EDP T3 and in FA. For the latter (coverage of transactions), the WB balance as reported in EDP T2 typically does not cover all financial flows, since some are booked in the so called extra-budgetary accounts of the main entity.
- Third, adjustments/transactions reported in EDP T2A are non-consolidated, since they refer to the main entity only, as recorded in the working balance (e.g. loans, other accounts receivable/payable, etc.), while financial transactions recorded in EDP T3 refer to the whole subsector and they are consolidated.

As far as specific imputations are concerned, such as debt cancellation, debt assumption etc., which are reported in EDP T2, these should be reflected also in financial accounts and EDP T3 under the related financial instrument.

Therefore, in order to ensure consistency between non-financial and financial accounts and quality of GFS data, statisticians are to be able to explain and to quantify a link between flows reported in EDP T2 and EDP T3.

3.6.1 Coverage of units

The same coverage of units is used for compilation of non-financial and financial accounts. Also EDP tables 2 and 3 cover the identical units. (For more details look at section [1.General Government](#), in which units of each subsector are presented).

3.6.2 Financial transactions

All financial transactions reported in EDP tables 2 are consistent with EDP tables 3 and recorded under corresponding instrument. Financial transactions reported in EDP table 2A are also reflected under different instruments in financial accounts and in EDP table 3B. The same link is between EDP tables 2C, 2D and accordingly EDP tables 3D, 3E.

In EDP tables 2 under financial transactions only those transactions, which are included in the working balance, are recorded. There is a difference in time of recording for discounts on bonds issued as in the working balance these amounts are reported at redemption, whereas in financial accounts discounts on bonds are recorded at issuance. All other financial transactions included in the working balance are consistent with financial accounts.

In EDP table 2A financial transactions recorded under “Loans repayments (-)” are reflected in loans (F.4) in the assets side. Equity sales or acquisitions are included under equity and investment fund shares/units (F.5). Other financial transactions related to coupons sold are

recorded under the item “Difference between interest paid (+) and accrued (-)”. Discounts/premiums on bonds are included in the line “Issuance below/above nominal value”. Financial transactions of derivatives are reported under “Financial derivatives (F.71)”. Other financial transactions concerning repayments of liabilities are generally reported under “Net incurrence of other accounts payable (F.8)”.

In EDP table 2C payments of financial leasing are included in the working balance.

In EDP table 2D only some cases of financial transactions included in the working balance are observed.

3.6.3 Adjustments for accrued interest D.41

In EDP tables 2 adjustments for accrued interests reported under the item “Difference between interest paid and accrued” only refer to interest expenditure.

In EDP tables 2 and 3 accrued interest adjustments recorded in the lines “Difference between interest paid and accrued” are consistent and no adjustments are necessary in order to reconcile figures.

3.6.4 Other accounts receivable/payable F.8

In EDP tables 2 all accrual adjustments reported under “Other accounts receivable (+)” and “Other accounts payable (-)” are consistent with EDP table 3. These adjustments are reported under “Other accounts receivable” or “Net incurrence of other accounts payable”. Only adjustments for interest receivable are reported under loans (F.4).

In EDP table 2A all transactions recorded under the item “Other accounts receivable (+)” are reflected in the line “Other accounts receivable” in EDP table 3B. Exception is for interest receivable recorded in EDP table 2A as these transactions in EDP table 3B are shown under loans (F.4). In EDP table 2A all transactions recorded under the item “Other accounts payable (-)” are reported under the line “Net incurrence of other accounts payable” in EDP table 3B.

In EDP table 2C accrual adjustment for sale of land reported under “Other accounts receivable (+)” in EDP table 3D is recorded in line “Other accounts receivable”. Only current expenditure arrears are reported as “Other accounts payable (-)” in EDP table 2C. In EDP table 3D these transactions are reflected under the line “Net incurrence of other accounts payable”.

In EDP table 2D financial transactions reported in the line “Other accounts payable (-)” also are consistent with EDP table 3E and reflected under the line “Net incurrence of other accounts payable”. Accrual adjustments are consistent with financial accounts. In financial accounts and EDP table 3B accrual adjustment of taxes is reported under other accounts receivable (F.8). F.8 also covers accrual adjustments for sale of state land for central and local government. Other accounts payable (F.8) include accrual adjustment of current expenses for both central government and local government.

3.6.5 Other adjustments/imputations

EDP tables and data sources - Link between EDP T2 and related EDP T3

All adjustments reported in EDP tables 2 under the heading “Other adjustments” are consistent with EDP tables 3 and reflected under corresponding instrument.

In EDP table 2A adjustment related to debt cancellation is already reflected in the change of consolidated debt in EDP table 3B. Other adjustments are related to newly recognized liabilities (unpaid salaries, restitution of land and compensation to the Jewish communities) and shown as “Net incurrence of other accounts payable” in EDP table 3B.

3.7. General comments on data sources

See item [2.2.1 Legal/institutional framework](#), regarding to the reform on Public Sector Accounting and Financial Reporting Standards (PSAFRS).

3.8. EDP table 4

Table 4 – The statements on the provision of additional data contained in the Council minutes of 23/11/1993 request the submission of trade credits and advances, amounts outstanding in the government debt from the financing of public undertakings, differences between the face value and the present value of government debt and GNI at market prices.

3.8.1 Trade credits and advances

Trade credits and advances reported in EDP table 4 include current expenditure arrears incurred by central and local government. These data are obtained from the Fiscal Policy Department of the MoF. Also stocks contain trade credits and advances of the Compulsory Health Insurance Fund. This information is received from the Compulsory Health Insurance Fund. From 2011 trade credits of public hospitals are reported both for central and local government subsectors. From 2012 trade credits of public higher education institutions were included. Also it covers trade credits of public corporations included in general government sector.

Following the Eurostat decision on the statistical recording of some operations related to trade credits incurred by government units, factoring without recourse agreements and restructured trade credits are excluded from trade credits. These operations are treated and reported as loans. Data about such agreements is obtained from the Budget Department of the MoF.

The line “Net incurrence of other accounts payable” in EDP tables 3 contains change of stocks of trade credits and advances. In addition, this line includes transactions related to other accounts payable.

Coverage is complete for total general government, and more exactly for each of the government subsectors.

Long-term trade credits are recorded as Loans (AF.42) instead of Trade credits (F.81).

3.8.2 Amount outstanding in the government debt from the financing of public undertakings

Figure reported under the line “Amounts outstanding in the government debt from the financing of public undertakings” include government borrowing on behalf of public enterprises, which are controlled by central or local government by having more than 50 percent of its capital. These data are obtained from the State Treasury Department of the MoF.

4. Revision policy used for annual GFS

This section relates to the revision policy concerning annual non-financial and financial government accounts. It describes the country policy for revisions with and without impact on the deficit (non-financial accounts for general government) and debt (financial accounts for general government).

4.1. Existence of a revision policy in your country

Ordinary revisions and non-ordinary revisions are made to EDP data.

4.1.1 Relating to deficit and non-financial accounts

Ordinary revisions are mainly due to updated data sources, detected errors. In April EDP Notification the deficit of general government sector is revised for the years t-2. In October EDP Notification the deficit of general government sector is revised for the years t-1 and t-2. The revision due to the updated data sources is usually performed regarding to: accruals of current expense (excluding interest) in central and local government subsectors; direct payments related to year t, which will be made in t+1.

4.1.2 Relating to debt and financial accounts

Ordinary revisions are mainly due to updated data sources, detected errors. In April EDP Notification the debt and financial accounts of general government sector is revised for the years t-2. In October EDP Notification the debt and financial accounts of general government sector are revised for the years t-1 and t-2.

4.2. Reasons for other than ordinary revisions

Non-ordinary revisions are due to changes or clarifications of the methodology, reclassification of units in general government sector. Major revisions occur every fifth year.

4.3. Timetable for finalising and revising the accounts

The timetable for finalising and revising of non-financial and financial accounts is September – October for the years t-2.

B. Methodological issues

5. Sector delimitation – practical aspects

5.1. Sector classification of units

General government is defined by ESA 2010 §2.111 as "... institutional units which are non-market producers whose output is intended for individual and collective consumption, and are financed by compulsory payments made by units belonging to other sectors, and institutional units principally engaged in the redistribution of national income and wealth". Moreover, §20.05 specifies that the general government sector "consists of all government units and all non-market non-profits institutions (NPIs) that are controlled by government units. It also comprises other non-market as identified in paragraphs 20.18 to 20.39".

It is necessary to determine:

- a. if it is an institutional unit (ESA2010 2.12 describes the rules according to which an entity can be considered as an institutional unit)
- b. if it is a public institutional unit (ESA 2010 §20.18 and MGDD I.2.3 – define the notion of control by the government over an entity as "the ability to determine the general policy or programme of that entity"... According to the list of criteria listed in ESA 2010 §20.309)
- c. if it is a non-market public institutional unit - reference to "Market-non-market delineation" (ESA 2010 §20.19 to §20.28 and MGDD I.2.4)"

Subsectors of general government sector include only institutional units, which according to ESA 2010 are treated as non-market producers. It also includes institutional units principally engaged in the redistribution of national income and wealth, which is an activity mainly carried out by government.

In general the classification of units is carried out according to the rules specified in ESA 2010. The following decision tree is applied:

Sector delimitation – practical aspects - Existence and classification of specific units

The sales include the revenue from the sale of goods (from the profit and loss statements). Other subsidies on production (D.39) are not deducted.

Production costs include: costs of goods sold (cost of sales), other operating expenses (selling, general and administrative expenses) and net interest charges.

If more than 50% of the production costs are covered by sales, the unit is considered as a market producer. If less than 50 % of the production costs are covered by sales (three years in a row, as a rule), the unit is considered as a non-market producer.

Information on newly created units is obtained from the Register of legal persons.

The NSI is the responsible institution for the sector classification. The rules of classification of economic entities are approved by order of Director General of Statistics Lithuania. The rules for delimitation of S.13 are described in this order in details. It is defined that non-budgetary units cannot be classified in or reclassified from S.13 without approval of Inter-institutional Working Group on Sectorisation. According to this order the list of general government entities is published at the beginning of each year.

In problematic sector delimitation cases, arguments are submitted to the Inter-Institutional Group of Macroeconomic Statistics Experts, which considers the proposals and makes the final decision.

5.1.1 Criteria used for sector classification of new units

When new unit is established, a specifically designed algorithm is applied and based on this sector classification is determined. Initially, it is determined whether the entity is an institutional unit; subsequently, the entity is assigned to the relevant institutional sector, finally, it is decided to which sub-sector the unit will be assigned.

The criteria for classification of new units inside general government are as follows:

- legal form,
- activity,
- ownership form,
- founder,
- financing and control,
- market or non-market producer (in cases of public non-profit institutions and public producers, the 50 % test is used).

This information is derived from the following sources: Register of Legal Units, data from statistical surveys, financial statements, other sources.

According to the updated algorithm on sectorisation, in the first stage of sectorisation state enterprises and municipal enterprises are classified in the non-financial corporations sector (S.11). The NSI informs Inter-institutional Working Group on Sectorisation about new established state and municipal enterprises. During 4 months the Inter-institutional working group on sectorisation decides on the institutional sector of these new established enterprises according to collected additional information about these enterprises (founder, functions and future prospects of those companies).

5.1.2 Updating of the register

Sector delimitation – practical aspects - Existence and classification of specific units

Re-examination of the sector classification is implemented on a regular basis. The institutional sectors and sub-sectors codes of economic entities are listed in the Statistical Register of Economic Entities and updated once a year (by 15th October). Sub-sector codes remain unchanged throughout the year, except in cases when technical errors are detected. Such errors are corrected immediately.

The financial results of individual public units from statistical surveys, profit and loss accounts, balance sheets and explanatory notes are available for 50% test. The test of public units is conducted as described in section [5.1 Sector classification of units](#).

When the decision on unit's re-classification is accepted, backward revisions are implemented in national accounts.

5.1.3 Consistency between different data sources concerning classification of units

Different data sources are consistent concerning classification of units. All statistical surveys are based on the Statistical Register of Economic Entities, as well as compilation of non-financial and financial accounts. The NCB has the access to the Statistical Register of Economic Entities of the NSI and use it for production of money and banking statistics.

5.2. Existence and classification of specific units

1. Non-profit institutions (NPI). Non-profit institutions controlled and mainly financed by government are classified in general government sector.

2. Quasi-corporations. There are no quasi-corporations in the general government sector.

3. Infrastructure companies. Public railway companies group (except unit responsible for passengers), road maintenance company, public utility companies and airports are classified in non-financial corporations sector (S.11). Roads are booked in the government balance sheet. Infrastructure companies are regularly tested as well as other public enterprises. The test is described in section [5.1 Sector classification of units](#).

4. Universities, schools. Public higher education institutions (11 universities and 12 colleges) are included in the central government subsector.

5. Public TV and radio. Public TV and radio is classified in the general government sector, central government subsector (S.1311).

6. Public hospitals. 18 public health care institutions are included in the central government subsector (S.1311), about 200 public health care institutions are included in the local government subsector (S.1313).

7. SPE/SPV. There are no special purpose vehicles (SPV) included in the general government sector.

Sector delimitation – practical aspects - Existence and classification of specific units

8. Specific public companies involved in financial activities. Two guarantee companies, and three units related to State Aid Fund (which was established due to Covid-19) are classified in the central government subsector (S.1311).

9. Protection funds. The state company “Deposit and Investment Insurance“ (S.1311) ensures protection of deposits and liabilities to investors in case of financial institution failures, thus contributing to higher stability of financial markets and society`s trust in financial institutions.

10. Other specific units. Central stock holding company is classified in the central government subsector (S.1311). Agriculture market regulatory agency engaged in transactions on markets and public head offices are classified in the non-financial corporations sector (S.11).

6. Time of recording

This section describes the time of recording for taxes and social contributions, EU flows, military expenditure, interest and other transactions (subsidies, current and capital transfers and financial transactions).

The time of recording is defined in ESA 2010 §1.101. It is the accrual basis, meaning when economic value is created, transformed or extinguished, or when claims and obligations arise, are transformed or are cancelled.

6.1. Taxes and social contributions

ESA 2010 states that taxes and social contributions are derived from two sources: amounts evidenced by assessments and declarations or cash receipts.

If assessments and declarations are used, amounts should be adjusted by a coefficient reflecting assessed and declared amounts never collected. An alternative treatment foresees recording tax/social contribution revenue on a gross basis and adjusting this amount by a capital transfer to the relevant sectors equal to the amounts unlikely to be collected.

If cash receipts are used, the amounts should be time adjusted so that the cash is attributed to the time when the underlying activities, transactions or other events took place to generate the tax/social contribution liability, or when the amount of tax was determined, in the case of some income taxes.

6.1.1 Taxes

This section describes the methods of recording of taxes on an accrual basis. The time of recording of taxes is defined in ESA 2010 §4.26 and §4.82 as the time "...when the activities, transactions or other events occur which create the liabilities to pay taxes".

The information on national taxes and other revenue is provided by the MoF. It is based on national classification of taxes and other revenue for budgetary institutions. Administrative data sources are on cash basis.

For value added tax, income tax, and excises time adjusted method is applied. One month time lag is used for accrual adjustment calculation. Time adjusted cash amounts are attributed to the period when the activity takes place. For the taxes paid once a year and irregular taxes it is assumed that cash is equal to the amounts accrued. Reimbursements and refunds, interest on late payments, fines and penalties are recorded together with the corresponding tax, when it is paid. The final data for the year t become available at $t+3$ month.

MoF collects the information; NSI compiles the data for EDP tables.

Public Institution Lithuanian Energy Agency receives mandatory payments by economic operators for oil stocks holding. These payments are considered as taxes on products, except VAT and import taxes (D.214). Data are obtained from financial statements of this institution.

Deposit insurance contributions from credit institutions received by state enterprise Deposit and Investment Insurance are recorded as other taxes on productions (D.29). Data are available from the financial statements of Deposit and Investment Insurance.

Car registration tax (D.214) is obtained from financial statement of public corporation Regitra.

Compulsory payments to Single Resolution Fund (D.29 pay to S.212) are received from BoL

Tax amnesties and payable tax credits do not exist in Lithuania.

6.1.2 Social contributions

The time of recording of social contributions is defined in ESA 2010 §4.94 as "... the time when the work that gives rise to the liability to pay the contribution is carried out..." for employers and employees social contributions, and as "... when the liabilities to pay are created" for self-employed and non-employed persons.

Employer's actual social contributions, employees' social contributions, social contributions by self-employed and non-employed persons recorded in the State Social Insurance Fund (Sodra) accounts are based on the assessments.

The methodology for estimation of amounts that likely will be never collected was approved when Sodra introduced this type of accounting in 1999. Following this methodology the coefficients are estimated separately for each payer of social contributions every quarter. Firstly, the so-called "recent payments" are calculated (in percent). It is based on the comparison of actually paid contributions during two past quarters and the amounts assessed (first column of the table below).

Sodra assesses social contributions receivable for each payer at the end of each reporting period (stocks) and calculates its impairment losses. Coefficients used for calculation of social contributions receivable impairment losses are calculated taking into account "recent payments" and the amounts assessed as well as the delay in payment. "Recent payments" are calculated as the quotient of the actually paid contributions over the last two quarters and calculated contributions. The amount of the actually paid contributions over the last two quarters is taken as a numerator and the amount of calculated contributions over the last two quarters is taken as a denominator. Further provisions on existing claims or reversals in provisions (or further impairment losses) enter the deficit/surplus.

Penalty receivable are assessed in the same way as social contributions receivable.

Then the coefficient is derived from the table:

<i>Recent payments (%)</i>	<i>Coefficients, in respect to the delay (in days) of the payment, %</i>			
	<i>More than 180 days</i>	<i>90-180 days</i>	<i>60-90 days</i>	<i>30-60 days</i>
<i>0-5</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>95</i>
<i>5-20</i>	<i>95</i>	<i>90</i>	<i>80</i>	<i>70</i>
<i>20-40</i>	<i>90</i>	<i>80</i>	<i>60</i>	<i>50</i>
<i>40-60</i>	<i>80</i>	<i>60</i>	<i>40</i>	<i>30</i>
<i>60-80</i>	<i>60</i>	<i>40</i>	<i>20</i>	<i>10</i>
<i>80-95</i>	<i>40</i>	<i>20</i>	<i>10</i>	<i>5</i>
<i>95-100</i>	<i>30</i>	<i>10</i>	<i>5</i>	<i>0</i>
<i>More than 100</i>	<i>20</i>	<i>5</i>	<i>0</i>	<i>0</i>

For example: if the payer has the arrears delayed more than 180 days and recently pays 50% of current contributions, the 80% adjustment is applied for total arrears of this payer. This

coefficient has to be applied for total arrears of the payer. The application of the described main principle has to be changed if the behaviour of the contribution payer in the last quarter is changed significantly. The estimation of relation among the amounts assessed and the amounts collected is made every quarter for the data of two last quarters.

The NSI uses the information provided by the State Social Insurance Fund for compilation of EDP tables. The final data for the year t become available at t+3 months.

6.2. EU flows

The issue of recording EU flows is important for national accounts, especially government accounts, because – due to the institutional arrangements – in general all amounts transit via government accounts. In order to avoid potential effects on the level of government deficits, countries have to eliminate these flows from public accounts.

ESA 2010 paragraphs 20.294-20.300 foresee that when non-government units are beneficiaries from EU grants, all the flows to and from government should be recorded as financial transactions, without any impact on government net lending/borrowing (B.9).

When final beneficiary is a government unit, the neutrality of EU flows is ensured by matching the time of recording of government revenue from the EU and the time of recording of the government expenditure covered by the EU grant.

The ESA 2010 Manual on government deficit and debt Chapter 2.6 “*Grants from and contributions to the EU budget*” provide further details concerning the recording of these flows.

6.2.1 General questions

The scheme of the administration of Structural funds is the next: the MoF is the managing authority, the certifying authority and also the paying authority, so all payments from the EU in Structural funds go through the MoF.

Implementing agencies are provided below:

- The Central Project Management Agency (Centrinė projektų valdymo agentūra) is classified in S.1311;
- The Lithuanian Business Support Agency (Lietuvos verslo paramos agentūra) is classified in S.1311;
- The European Social Fund Agency (Europos socialinio fondo agentūra) is classified in S.1311;
- The Environmental Projects Management Agency (Lietuvos Respublikos aplinkos ministerijos Aplinkos projektų valdymo agentūra) is classified in S.1311.
- National promotional institution Guarantees of Investments and Business (INVEGA) (UAB “Investicijų ir verslo garantijos”) is classified in S.1311;
- The Research Council of Lithuania (Lietuvos mokslo taryba) is classified in S.1311;
- Agency for Science, Innovation and Technology (MITA) (Mokslo, inovacijų ir technologijų agentūra) is classified in S.1311;
- National promotional institution Public Investment Development Agency (VIPA) (Viešųjų investicijų plėtros agentūra) is classified in S.126.

The other intermediate bodies, responsible under the competence of the EU assistance programs:

Time of recording - EU flows

- Ministry of Economy and Innovation of the Republic of Lithuania is classified in S.1311;
- Ministry of Education, Science and Sport of the Republic of Lithuania is classified in S.1311;
- Ministry of Transport and Communications of the Republic of Lithuania is classified in S.1311;
- Ministry of Energy of the Republic of Lithuania is classified in S.1311;
- Ministry of Environment of the Republic of Lithuania is classified in S.1311;
- Ministry of Interior of the Republic of Lithuania is classified in S.1311;
- Ministry of Culture of the Republic of Lithuania is classified in S.1311;
- Ministry of Social Security and Labour of the Republic of Lithuania is classified in S.1311;
- Ministry of Health of the Republic of Lithuania is classified in S.1311;
- National regional development agency (Nacionalinė regionų plėtros agentūra) is classified in S.1311;
- Regional Development Department of the Ministry of Interior (Regioninės plėtros departamentas prie vidaus reikalų ministerijos) is classified in S.1311.
- Regional Development Councils are classified in S.1313.

For Agricultural and fisheries funds the National Paying Agency under the Ministry of Agriculture (Nacionalinė mokėjimo agentūra prie Žemės ūkio ministerijos) is the main paying authority of EU flows. It is classified in S.1311.

For Pre-accession funds (PHARE and SAPARD) the next agencies were involved:

- The National Paying Agency (classified in S.1311) was the Implementing agency for SAPARD;
- The Central Project Management Agency (classified in S.1311) was the Implementing agency for PHARE and Special Kaliningrad Transit Programme.

The source of data for the EU flows is the budget reporting provided by the MoF. It is possible to collect data on the use of EU flows on the central and the local government level. Expenditure is recorded on a time of expenditure basis. Information on the final beneficiary if the final beneficiary is government or non-government unit is available. For national accounts the final beneficiary also could be distinguished. Not for all EU funds, but for the main amounts of EU flows, like Structural funds, it is possible to distinguish advances.

All amounts from the EU (including these funds: the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD), The European Fisheries Fund (EEF) the European Regional Development Fund (ERDF), the European Social Fund (ESF), Cohesion Fund) are entering the working balance for central government level. Adjustments are done in EDP table 2A - lines "Other accounts receivables" and "Other accounts payables". This concerns all funds.

Information about received advances from EU also like total received amounts is available. So, in the statistics, advances from EU are recorded as accounts payable and the rest is recorded as receivable. Received advances are kept in the same Treasury account (not separate) like other EU receipts and they are recorded as an asset of government. In EDP table 3 advances are recorded as payable under line "Net incurrence (-) of other amounts payable".

6.2.2 Cash and Schengen facility:

The time of recording of payments received by the beneficiary Member States through Schengen and Transitional Facilities would be accounted according to the Eurostat decision on EU flows, while the time of recording of Cash-flow Facility is when the transfers are to be made by the Commission. In practice, in this particular case, the amounts would be recorded as revenue in the years in which they were received by the beneficiary countries.

Lithuania has received cash through transitional or Schengen facility. The amounts from Schengen and Transitional facilities were recorded according to the Eurostat decision on EU flows. Time of recording was at the time of expenditures and adjustment was made in EDP table 2A. Cash-flow Facility (lump-sum) revenue was recorded when it was received.

6.2.3 EU financial instruments

The EU has been providing measures of financial support from EU structural and investment funds 'financial instruments' (FI). These instruments may be 'equity or quasi equity investments, loans or guarantees' and they are intended to support activities that will generate income, or result in saving on future expenditure. Unlike grants, they do not constitute a gift to the final recipient, which will typically be a small or medium-sized enterprise (SME) since, under normal circumstances, the funds are expected to be repaid to the creditor and produce a return on the investment (such as interest on the loan, or profit on subsequent sale of equity). EU legislation allows for a choice on how the financial instruments are implemented nationally: the Implementing Authorities can choose whether to assign the implementing task to a newly created entity or contract out the management to the EIF/EIB or to existing financial institutions.

Lithuania implement tailor-made FIs, financed from EU Structural and investment funds. Financial instruments are implemented by national promotional institutions INVEGA (classified in the government sector S.13), Agricultural Credit Guarantee Fund (classified in the government sector S.13) and VIPA (classified in S.126).

There are FIs implemented via fund of funds structure, but also there are FI implemented directly by National promotional institution.

Recording of the FIs should follow the MGDD rules agreed for the FIs financed from the regular EU flows, that is, that B.9 neutrality for government (as a beneficiary) should be ensured. The units benefiting from these schemes are of S.11 sector.

Recycled funds from Jeremie/Jessica programs from the programming period of 2007-2013 are reused in the same funds of funds and are dedicated for similar purposes.

Lithuania successfully implements JEREMIE/JESSICA programmes. The following Holding Funds implement JEREMIE/JESSICA programmes:

- The European Investment Fund (EIF);
- The European Investment Bank (EIB);
- National promotional institution Guarantees of Investments and Business (UAB „Investicijų ir verslo garantijos”);
- National promotional institution Public Investment Development Agency (UAB „Viešųjų investicijų plėtros agentūra”).

Time of recording - EU flows

The biggest parts of transfers are from Structural Fund. The transfer of government is recorded as other expenses. The final beneficiary is non- government unit.

6.2.4 Market Regulatory Agencies

Market regulatory agencies are bodies whose intervention activities are mostly characterised by buying and selling products, often on behalf of the EU, with an aim to stabilize prices and to maintain purchasing prices to farmers at a sufficiently high level: they offer buying agricultural products from domestic producers at a predetermined price (often higher than "market" prices) and reselling them usually at a lower price later on and occasionally arranging for giving them away free of charge. These agencies can be involved in storing agricultural inventories, or in arranging for storage, as well as in distributing subsidies.

The question is whether the principle of re-arranging EU transactions would also apply to the recording of changes in inventories (P.52) arising from the interventions of agricultural market regulatory agencies in the market. According to the guidance, in those circumstances where a market regulatory agency acting on behalf of the EU is classified inside general government, the creation of a unit in S.11 is recommended in order to capture the changes in agricultural inventories, and to avoid that such changes in inventories are recorded in national government accounts (as changes in government inventories, with an impact on the government deficit/surplus) or in the rest of the world accounts (as exports and imports). The unit to be created to capture these changes in inventories is a quasi-corporation, rather than a notional unit, in order to ensure an equality of treatment with cases where market regulatory agencies are classified outside government. This is also appropriate because any temporary difference in value arising from changes in market value of these inventories not yet covered by subsidies is likely to be small and on average zero.

Public Institution Rural Business and Markets Development Agency (VšĮ “Kaimo verslo ir rinkų plėtros agentūra”) is the only Market Regulator Agency in Lithuania. This institutional unit is classified in the sector of non-financial corporations (S.11)

6.3. Military expenditure

The ESA 2010 principle on accrual recording, when applied to military expenditure, is generally the time when the economic ownership of the good occurs, which is usually when delivered.

ESA 2010 paragraphs 20.190-20.192 define the rules for the statistical recording of military equipment. Chapter II.5 in Part II of the ESA 2010 MGDD details the rules concerning the recording of military expenditure.

6.3.1 Types of contracts

Ministry of National Defence Republic of Lithuania is the main data provider for Lithuanian military expenditure. It provides quarterly information about expenditure on cash basis and amounts for which military equipment has been delivered, as well as significant amounts of long-term trade advances (F.42 A) and negligible amounts of short-term trade credits (F.81 L).

6.3.2 Borderline cases

There are no borderline cases relating to classification of military goods or other equipment used by military forces.

6.3.3 Recording in national accounts

Contracts are recorded at the time when the delivery is made.

Time of recording -Interest

6.4. Interest

This part aims at describing accrual adjustment for interest.

ESA 2010 paragraph 20.178 reads: "*In the system, interest is recorded on an accrual basis, i.e. interest is recorded as accruing continuously over time to the creditor on the amount of principal outstanding*"

ESA 2010 MGDD part 2, chapter 2.4 is dealing with some practical aspects of the recording of interest.

6.4.1 Interest expenditure

Table 10 Availability and basis of data on interest

Instrument	S.1311		S.1312		S.1313		S.1314	
	State	OCGB	Main unit	OSGB	Main unit	OLGB	Main unit	OSSB
Deposits (AF.2)	C/A	M	M	M	M	M	M	M
Debt Securities (AF.3)	C/A	M	M	M	M	M	M	M
Loans (AF.4)	C/A	A	M	M	C/A	A	C/A	M
Other accounts receivable (AF.8)	M	M	M	M	M	M	M	M

Cash/accrual, M (not applicable) or L (not available)

Interest expenditure data for State budget are obtained from the MoF from public accounts on state debt securities and loans. Direct data for local government are not available and estimations for accrued interest on loans are made. Flows of accrued interest are calculated by applying estimated interest rates on outstanding amounts of loans. This information on stocks of loans is received both from the State Treasury Department of the MoF and the NCB. Data for social security funds are obtained from financial reports of the State Social Insurance Fund (Sodra).

As indicated in Table 10 data for State budget, main units of local government and social security funds is based both on cash and accrual basis and split by financial instrument. Accrued interest is recorded on the underlying instrument and is not allocated under F.8.

In EDP tables 2 adjustments for accrued interests reported under the item "Difference between interest paid and accrued" only refers to interest expenditure. In EDP tables 2 and 3 accrued interest adjustments recorded in the lines "Difference between interest paid and accrued" are consistent and no adjustments are necessary in order to reconcile figures.

6.4.2 Interest Revenue

Data on interest revenue are obtained from the MoF. Information on interest received on deposits (only cash), loans and debt securities is available.

Time of recording -Interest

6.4.3 Consolidation

Interest revenue and expenditure are consolidated for on-lent loans granted from central government to other central government bodies, municipalities and the State Social Insurance Fund. Also, interest revenue and expenditure on government debt securities held by central government bodies are consolidated. Data obtained from the MoF are used for consolidation of all subsectors.

6.4.4 Recording of discounts and premiums on government securities

Discounts and premiums on government securities enter the WB of EDP table 2. They are recorded on cash basis and these flows in EDP table 2 are neutralised in the line “Difference between interest paid (+) and accrued (EDP D.41)(-)”. Other government bodies do not issue debt securities and no adjustments are recorded.

Information about discount/premium is obtained from the MoF. In 2011 there were some changes introduced in debt management system (public accounts). Recording of discount/premium in public accounts for all securities has been made uniform – discount is recorded at redemption, while premium – at issuance. Also, discount/premium is spread over the life of the instrument. It is possible to identify the discount payment from the repayment of debt in debt management system. In national accounts premiums are recoded as negative expenditure.

6.4.5 Recording of interest accrued on intergovernmental loans in dispute and interest accrued on intergovernmental loans unlikely to be repaid

Cases of intergovernmental loans that are in dispute not exist in Lithuania.

Time of recording -Time of recording of other transactions

6.5. Time of recording of other transactions

For recording of other transactions (subsidies payable, current and capital transfers payable, dividends receivable, social benefits payable, financial transactions) of main central and local government units cash data are used and accrual adjustments are made. Data on gross capital formation are on cash basis; accrual adjustments are not made. Other transactions of other general government units are recorded on accrual basis.

The NSI is using quarterly aggregate statement of the State budget appropriation managers of credit and debit arrears (indebtedness). This information is provided by the MoF. In aggregate statement is information on financial and non-financial transactions. From non-financial side there is the following expenditure information: compensation of employees, use of goods and services, interest, subsidies, social benefits, other current and capital expenditure, other flows. From financial side we are using information on transactions in financial liabilities.

Quality and reliability of public accounts data are ensured by auditing authorities. For more information see [2.2.2.1 General government units](#).

7. Specific government transactions

Methodological rules applicable for recording of specific government transactions are set up in the Manual on Government Deficit and Debt (implementation of ESA 2010), 2019 edition⁵.

7.1. Guarantees, debt assumptions

Generally, government guarantees are recorded off-balance sheet in government accounts (contingent liability), and neither government debt nor deficit is impacted. However, when a guarantee is activated (called), the payment made by government on behalf of the debtor is normally recorded as government expenditure. In case of repeated guarantee calls, the whole outstanding amount of the guaranteed debt should be assumed by government. The latter leads to a one-off increase of government debt as well as deficit. The accounting rules are explained in the Chapter 7.4 on Government guarantees of the ESA 2010 Manual on government deficit and debt. This chapter describes also specific cases and related treatment in national accounts.

7.1.1 Guarantees on borrowing

7.1.1.1 *New guarantees provided*

Recording in public accounts

One-off and standardised guarantees exist in Lithuania.

Largest one-off guarantees (such as guarantees to JSC “Klaipėdos nafta”, European Investment Bank, Nordic Investment Bank, and “SURE“ programme) are provided directly by State.

Standardised guarantees are provided by other Central Government units (The State Studies Foundation, “Invega”, and Agriculture Credit Guarantee Fund).

Accounting records on one-off government guarantees are kept in off-balance accounts of GG. The list of debtors, which received loans with government guarantees, is announced on the website of the MoF. Provisions for calls under standardised guarantees are calculated and recorded in accounts of General Government.

Each month the beneficiaries submit reports on the use and repayment of government-guaranteed loans following the procedure established by the MoF. On the basis of the reports, respective entries are registered in the accounting and the data are stored in the Register of Government-Guaranteed Loans. There are no cases of debt assumption at inception.

Recording in national accounts

The NSI obtains quarterly data on guarantees granted by the central government from the MoF. Information includes new guarantees provided, repayments and outstanding amounts at the end of the period. In national accounts new guarantees are treated as contingent liabilities and therefore not recorded in the system.

⁵ <https://ec.europa.eu/eurostat/web/government-finance-statistics/methodology/manuals>

Specific government transactions - Guarantees, debt assumptions

Data on guarantees issued by municipalities to municipal enterprises are available from the MoF. Data are available on total sum of guarantees (only stocks) by each municipality. There were no cases when government at inception assumed debt or paid interest regularly.

7.1.1.2 Treatment of guarantees called

Recording in public accounts

The MoF monitors the financial situation of the beneficiaries. If the risk is identified that a debtor may be incapable of fulfilling its obligations under agreement, then the provisions are registered in the accounting following the rules established. The MoF, after receipt of the request from the loan guarantee recipient to fulfil the obligation under agreement, registers in the accounting the obligation in respect of a creditor and costs.

When, on the basis of the request presented, the obligation is registered in the accounting, the provisions formed are reduced by a respective amount. The MoF has the repo right to recover the amount paid. In such case, the amount receivable from the entity, for which the obligation has been fulfilled, is registered in the accounting. Usually, in such cases obligations are not written-off. The basis for writing-off the loans and the procedure are established in the rules approved by the MoF. No data available on the assumption of the outstanding amount of debt, recorded in public accounts.

In case of repeated calls, outstanding amount of the debt is assumed and recorded as direct debt in public accounts. Currently there are no debt assumptions recorded in public accounts.

Recording in national accounts

Information on guarantees called is available from the MoF. In national accounts a called guarantee is recorded as capital transfer expenditure (D.99) for the amount of a call. The repeated calls rule has been followed and after 3 calls in a row debt is assumed by the general government for the whole outstanding amount. Debt assumption is recorded as capital transfer (D.9) and increase in loans (F.4).

At local government level only data on debt assumptions, which are obtained from the municipalities' statistical report on liabilities, are available. Information about guarantees called for local government is not available.

7.1.1.3 Treatment of repayments related to guarantees called

Recording in public accounts

When a debtor repays a part of the loan, cash and decrease of the loan are registered. When a debtor pays interest on the loan – cash generated and interest-generated revenue are registered.

Recording in national accounts

Repayments by the original debtor are recorded as capital transfer revenue (D.99) of government.

Specific government transactions - Guarantees, debt assumptions

7.1.1.4 *Treatment of write-offs by government in public accounts of government assets that arose from calls, if any*

There are no cases of write-offs of government assets that arose from calls in public accounts.

7.1.1.5 *Data sources*

Individual data (stocks and flows) on the central government's granted guarantees by beneficiary are available from the MoF. Information includes guarantee calls, repayments by the debtor and debt assumptions.

For the local government individual data by beneficiary are not available. Only stocks of guarantees granted and debt assumptions are obtained. Also see [7.1.1.1 New guarantees provided](#) and [7.1.1.2 Treatment of guarantees called](#).

Flows related to guarantees do not enter the WB. In EDP tables they are recorded in line "off budget revenue and expenditure (borrowed funds accounts)" or under the item "other adjustments".

7.1.2 Guarantees on assets

Guarantees on assets are not provided.

7.1.3. Standardized Guarantees

Guarantees provided to state supported students loans, guarantees issued by public corporations Agricultural Credit Guarantee Fund, and INVEGA are considered to be standardised guarantees.

Since 2009 state supported loans for students have been provided. State supported loan is a loan granted by credits institutions with state guarantee. State supported loans are administered by budgetary institution the State Studies Foundation (Valstybinis studijų fondas). For each year credit institutions, which will provide state supported loans, are selected.

Information about state supported student loans is received by the MoF from the State Studies Foundation and credit institutions. The MoF or the State Studies Foundation do not estimate provisions for state guarantees issued to student loans. Quarterly information from the State Studies Foundation includes data on total amount of state supported loans, repayments of loan and interest, accrued interest and outstanding amount of loan at the end of period. Credit institutions according to the Rules for grouping state on-lent loans and state guaranteed loans approved by the Order of the MoF No. 1K-440 of 30 December 2011 provide quarterly reports to the MoF. In these reports state supported loans are grouped by days past due into risk groups.

Specific government transactions - Guarantees, debt assumptions

The NSI estimates F.66/AF.66 provisions for calls under standardised guarantees using data from the financial statements of the State Studies Foundation and reports from credit institutions about risky loans.

Invega and Agricultural Credit Guarantee Fund issue guarantees to loans taken by small and medium sized enterprises and agricultural entities. Guarantees are treated as standardized guarantees. Invega and Agricultural credit guarantee fund make estimations of provisions for guarantees and record in their financial statements. The NSI does not make additional estimations or adjustments.

7.2. Claims, debt cancellations and debt write-offs

Providing loan capital is generally a financial transaction not impacting the net borrowing/net lending (B.9). Government, as a lender, is expecting that the debtor will be in a position to repay the loans, according to a schedule agreed at inception. However, if the loan is non-recoverable, the recording of government expenditure might be considered. The related accounting rules are set up in ESA 2010 and further clarified in the Chapter 3.2 on Capital injections and Chapter 7.2 on Debt assumption and cancellation of the ESA 2010 Manual on government deficit and debt.

7.2.1 New lending

According to the Rules for Loans On-lent by the State and State Guarantees Granted, Repayment of the On-lent Loans and Administration of State Guarantees established by the Government Resolution No. 667 of 4 June 2001 long-term loans are on-lent: 1) to finance investment projects under Public Investment Programme (PIP); 2) to balance cash flows of social security funds; 3) to renew state real estate and 4) to finance investment projects co-financed by EU Funds.

The fixed annual interest rate on long-term debt liabilities, with maturity of more than one year, is estimated:

- by taking the average yield of government securities of respective or close maturity issued in government securities auctions in the last quarter and by adding to the value estimated the debtor's risk premium and administration fee;
- if during the last quarter no government securities of close maturity were issued, then the average yield of purchase of government securities issues of similar residual maturity published by auction participants at least in one of publicly recognised and used information/sale systems (e.g., OMX NASDAQ Vilnius, Bloomberg, Reuters) is taken and the debtor's risk premium and administration fee is added to the value estimated.

The MoF, in administration of government on-lent loans, has direct data on loans granted to debtors, loan repayments by schedules. Flows and stocks are stored in a single Statement of Government On-Lent Loans.

The MoF, periodically, submits to the NSI the consolidated data on loans granted and data by each debtor for each end-year. The NSI receives detailed information about transactions (new lending, repayments, revaluation) and stocks of on-lent loans granted by the central

government. Also data contain paid and accrued interest. Information by beneficiary is available too.

In exceptional cases, the State Loan Commission of the MoF makes a decision to change deadlines for payment of the on-lent loan and interest, or interest rate, when a debtor submits a justified request for changes in the course of the project implementation or it wishes to prepay the loan.

There were no cases when granted loans were recorded as capital transfer instead of loan. For both central and local government subsectors integrated data on F.4 are available. There are no cases when government claims are kept in books of public corporations.

7.2.2 Debt cancellations

The loan or debt, part thereof, also outstanding interest, default interest and other asset liabilities may be recognised as bad and written-off by the resolution of the Government of the Republic of Lithuania. Relative financial assets are reduced by the amounts written-off in the accounting based on the Government resolution and costs of the written-off amounts are recognised. If before that the costs of these assets were registered in the accounting, they are adjusted only by amount of the estimated difference.

When the features of the financial assets depreciation are established, the depreciation of these particular financial assets is evaluated and registered in the accounting. If it is established that there are no objective possibilities for assets recovery, the debt may be recognised as bad debt by the resolution of the Government. The loan or debt recognised as a bad loan or bad debt is written-off or revised for another 3 years. In this case, such financial assets are indicated in the accounting as completely depreciated. If a loan or debt is revised and, within 3 years from the decision made to recognise it as bad, it has not been recovered or if during its revision government debtor or government-guaranteed debtor died and there are no descendants able to bear its asset liabilities to the government, or it was liquidated, such assets are written-off and costs of written-off amounts are registered.

When the bankrupt company is the recipient of an on-lent loan from the State or a loan guaranteed by the State, the MoF assigns state enterprise “Turto bankas” to administer them. In public accounts the credit claims remain until the debt is collected or cancelled. According to the Law of Republic of Lithuania on State Debt the decision on debt cancellation for on-lent loans and loans with the State guaranty is taken by the Government.

The MoF is the developer for resolutions of Government on recognition of debts as bad debts. Debts are written-off only by the resolution of Government, and costs of financial assets are evaluated following the rules approved by the MoF.

In 2011 the NSI recorded a debt cancellation for government claims from all bankrupt corporations reported in the Statement of Government On-Lent Loans, though the resolution of Government has not been released yet. These claims were not effective and the sums were known with certainty. All these claims were from bankrupt private corporations. It amounted to nearly 69 million EUR. In public accounts these claims remain till the resolution of Government is taken.

Specific government transactions - 7.2.Claims, debt cancellations and debt write-offs

Debt cancellation is recorded as F.4 and D.9 at the time the resolutions of Government is released (except for above mentioned debt cancellation in 2011). There are no debt cancellations recorded under F.8.

Usually, the loans that have become bad loans on which interest accrued is not estimated any more are written-off. If there are possibilities of recovering the loan, the interest accrued is estimated in ordinary manner.

7.2.3 Repayments of claims

Data on repayments (loan and interest) are obtained from the MoF. In general case debt repayments of claims are recorded as F.2 and F.4.

7.2.4 Debt write-offs

Data on debt write-off are available for the central government. For more information see [7.2.2 Debt cancellations](#).

7.2.5 Sale of claims

There were no cases of sales of bad or well performing loans/receivables.

7.3. Capital injections in public corporations

Government capital injections are transactions which occur when governments provide assets (in cash or in kind) to public corporations (or assume liabilities), in their capacity of owner / shareholder, with an aim to capitalize or recapitalize them. The accounting rules are set out in ESA 2010 paragraphs 20.197-20.203 and clarified in the Chapter 3.2 on Capital injections of the ESA 2010 Manual on government deficit and debt. These chapters devotes considerable space to set the operational rules for the recording of capital injections in national accounts either as transactions in equity (financial transaction = financing = “below-the-line”), or as capital transfers (non-financial transaction = expenditure = “above-the-line”).

It is recalled that the MGDD also indicates that payments by government to public units, structured in the legal form of a loan or a bond, might be considered in specific circumstances as capital injections, and to be classified in certain cases as a non-financial transaction (predominantly capital transfer D.9); cf. MGDD 3.2.3.2.2.

Data on capital injections for the central government (in cash) are received from the execution of the State Investment Programme and the resolutions of the Government. Data on capital injections for local government are obtained from municipal budget and from additional information, which is gathered by directly contacting municipalities.

In order to determine if capital injection should be treated as F.5 or D.9 capital injection test is applied by the following cases:

- The payments from the government to the public corporations are treated as capital transfers when government expects nothing in return in terms of dividends, nothing else than an improvement of the corporation’s wealth and the meeting of some social needs.
- Capital injection recorded as a transaction in equity when government injects capital for the market purposes and acts as a normal investor, increasing the right of shareholders of corporations (by increasing the equity capital) and expecting to get revenue in return, often in the form of dividends.

The NSI does not have any information about capital injections in kind.

7.4. Dividends

The accounting rules are set out in ESA 2010 paragraphs 20.205-20.207. It is recalled, that the ESA 2010 Manual on Government Deficit and Debt chapter 3.5 indicates that large and exceptional payments out of reserves which significantly reduce the own funds of the corporation should be treated as superdividends, i.e. transaction in shares and other equity (a capital withdrawal). It also sets out that the resource available for distribution by a unit (a corporation) is the distributable income of the unit, as defined in the ESA 2010, paragraph 4.55. Total distributions could therefore comprise one part recorded as distributed income of corporations, D.42, and another recorded as transactions in equity, F.5. The former data is reported to Eurostat in ESA 2010 table 2 and table 8 within “other property income” category, and the latter is included within transactions in equity in financial accounts. Within the latter, for the benefit of analysis, one should also distinguish between amounts received from the National Central Bank, and amounts received from other public corporations.

The NSI receives data from the State Tax Inspectorate on dividends received by the government (central government and local government subsectors) for individual entity.

The NSI applies the superdividend test for each public corporation, which pays dividends to the government. This test is applied every quarter. Profit from the main activities plus net interest charge plus received dividends (for holding companies) corporate income tax is used as the entrepreneurial income for the identification of possible superdividends, paid to the government by a public corporation. Payments made by general government to cover an overall deficit of public corporations that constitute part of other subsidies on products, revaluations of assets and extraordinary gains and losses are eliminated.

Profit from the main activities is calculated from the profit and loss statement of each public corporation in this way:

- + Sales revenue
- Cost of sales
- Operating expenses
- + Revenue from other activities
- Expenses from other activities
- + Interest revenue
- Interest expenses
- + Dividends income
- Corporate income tax
- = Entrepreneurial income

For holding companies all subsidiaries are superdividend tested individually. Only dividends, which do not exceed entrepreneurial income are treated as part of entrepreneurial income of holding company.

Dividends exceeding entrepreneurial income are recorded as transaction in equity.

Interim dividends are recorded as property income or as account payable in the year in which they are received. When the annual reports of the company became available, the superdividend test is performed on the total dividend paid for the year and recorded as property income or as transaction in equity.

7.5. Privatization

The accounting rules are set out in ESA 2010 paragraphs 20.210-20.213. The proceeds collected by government when disposing of shares in public corporations are often called privatization proceeds. The counterpart entity (i.e. the acquirer of shares) is the private sector. Privatization can be indirect when the proceeds are forwarded to government after the sale of a subsidiary. The MGDD chapter 5.2 indicates that such indirect privatization proceeds are not government revenue. MGDD chapters 5.3 and chapters 5.4, respectively, provide the guidance on the treatment of privatisation proceeds from public corporations and restitution and use of vouchers for privatisation.

Specifically, chapter 5.3.1 of the ESA 2010 Manual on government deficit and debt mentions that in some EU Member States, holding companies have been set-up by the government to restructure the public sector with the aim of making the enterprises more competitive and profitable and, in the long run, disengaging the government. Often their main activity is to organise the privatisation efficiently and transfer the proceeds of the sale of shares to other public corporations (owned by the holding company or not), through grants, loans or capital injections.

The main issue is: what is the relevant sector classification of this sort of unit managing privatisation and possibly making grants to other enterprises? Should this activity be considered as taking place on behalf of the government?

Before October 2014 state enterprise State Property Fund (“Valstybės turto fondas”) acted as the holder of the privatization objects and authorised person who is privatizing state-owned property (fixed capital assets and shares). Since October 2014 it was reorganised and joined with public corporation “Turto bankas” (Property Bank). Former functions of State Property Fund were assigned to “Turto bankas”. However implementation of privatization of property owned by municipalities was given to municipalities themselves. Just under separate agreements with municipalities, “Turto bankas” may also act as a representative of an individual municipality who is privatizing the property owned by the municipality. If the privatization object is owned by the State, privatization proceeds are transferred to treasury account. “Turto bankas” is classified inside the central government subsector (S.1311).

If the privatization object is owned by the municipality, privatization proceeds are transferred to the budget of municipality.

7.6. Public Private Partnerships

The term “Public-Private Partnerships” (PPPs) is widely used for many different types of long-term contracts between government and corporations for the provision of public infrastructure. In these partnerships, government agrees to buy services from a non-government unit over a long period of time, resulting from the use of specific “dedicated assets”, such that the non-government unit builds a specifically designed asset to supply the service. The accounting rules are set out in ESA 2010 paragraphs 20.276-20.282 and clarified in the Chapter 6.4 of the ESA 2010 Manual on government deficit and debt.

The key statistical issue is the classification of the assets involved in the PPP contract – either as government assets (thereby immediately influencing government deficit and debt) or as the partner’s assets (spreading the impact on government deficit over the duration of the contract). This is an issue similar to the one of distinguishing between operating leases and finance leases, which is explained in Chapter 15 of ESA 2010.

As a result of the methodological approach followed, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk attached to the asset of the specific partnership. In this context, it was agreed among European statistical experts that, for the interpretation of risk assessment, guidance should focus on three main categories of risk: “construction risk” (covering events like late delivery, respect of specifications and additional costs), “availability risk” (covering volume and quality of output) and “demand risk” (covering variability of demand).

PPP assets are classified in the partner's balance sheet if both of the following conditions are met: the partner bears the construction risks and the partner bears at least one of either availability or demand risk, as designed in the contract.

If the conditions are not met, or *if government assumes the risks through another mechanism*, (e.g. guarantees, government financing) then the assets are to be recorded in the government's balance sheet. The treatment is in this case similar to the treatment of a financial lease in national accounts requiring the recording of government capital expenditure and borrowing. In borderline cases it is appropriate to consider other criteria, notably what happens to the asset at the end of the PPP contract.

PPP in Lithuania Legal Framework: Concession Law (amendment on 2018), Investment Law (amendment on 2010); Law on State and Municipal Property (amendment on 2010); Government Guidelines on PPP (from 2010).

Current Lithuanian legal basis provides for application of the following PPP forms:

- Concession (in accordance with the Law on Concessions) – the public body (awarding authority) entrust the execution of works and (or) the provision of services and (or) the provision of public services to the private body (concessionaire), where the concessionaire assumes under the concession contract all or the major part of risks and the relevant rights and duties, and the remuneration for such activity consists only of the authorization to carry out such activity and income from it or remuneration from such activity and remuneration from awarding authority according to the risk assumed by the concessionaire.
- PFI (Private Finance Initiative) or PPP (in accordance with the Law on Investments) - a private body under the conditions established by the partnership agreement between

Specific government transactions - Public Private Partnerships

government and private bodies invests into the activity areas attributed to the functions of the government sector bodies and into the State or municipal assets necessary for carrying out these activities, as well as it performs the assigned activities, for which the private body gets his incomes (the consideration) from the government sector bodies.

The main participants in the PPP institutional system are:

- CPMA (Central Project Management Agency) performs the functions of the PPP competence centre and helps to create legal, administrative and institutional conditions in Lithuania, necessary for development of effective partnership. CPMA prepares guides, recommendations and standard documents and organizes trainings in PPP field for public administration institutions, initiating and implementing the PPP projects. CPMA prepares a report on PPP project social economic benefits and assesses procurement documents.
- Ministry of Finance is involved in establishing of public-private partnership administrative system. Develops a proper legal basis, necessary for public private partnership using and promoting. Assesses each PPP project (including concessions) financial schemes. Assesses financing possibilities and possible impact on state fiscal indicators, and presents its conclusion or opinion with regard to this. Collects statistical data.

Government of Lithuania approves the main conditions of PPP and financial conditions and maximum commitments for each central government PPP project.

Municipal Council approves the suitability of PPP and the max financial commitments.

Currently several PPP project agreements at central and local government level are signed. Two PPP projects - on construction and administration of school, implemented at local government (S.1313) level and another PPP project on construction and maintenance of road, which is implemented by the central government (S.1311), are classified on-balance sheet of government. Several others at central and local government are classified off-balance sheet of government.

All concessions projects are classified off-balance sheet of government.

7.7. Financial derivatives

This part describes the use of financial derivatives and the recording of derivative related flows in EDP tables and national accounts.

Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union does not distinguish between the ESA and EDP definition of interest. The Regulation No 549/2013 paragraph 4.47 reads: *Payment resulting from any kind of swap arrangement is recorded as a transaction in financial derivatives in the financial account, and not as interest recorded as property income. Transactions under forward rate agreements are recorded as transactions in financial derivatives in the financial account, and not recorded as property income.*

ESA 2010 paragraph 20.133 specifies the treatment of so called of market swaps: *“Lump sums exchanged at inception on off-market swaps are classified as loans (AF.4) when the lump sum is received by government. Off-market swaps are partitioned in the balance sheet into a loan component and a regular, 'at-the-money' swap component.”*

7.7.1 Types of derivatives used

Interest rate swaps, cross-currency swaps, and options are being used by general government.

There are no occurrences of derivatives at the level of "other central government bodies", local government, social security funds.

7.7.2 Data sources

In public accounts cash and accrual recording is applied. The cash recording is used for the budget accounting. The accrual recording is used for the financial accounting with reference to the PSAFRS. Swap related interest flows in public accounts are recorded under expense and, accordingly, in the working balance, so there is no adjustment in the EDP table 2A. Cross-currency swaps related to principal amounts are recorded as revenue or expense in public accounts, therefore, for the EDP reporting it is eliminated through the adjustment in the EDP table 2A under item “Other financial transactions”.

The NSI receives cash data from the budget accounting. Swap related flows are recorded on assets side on cash basis. Information about stocks of financial derivatives is provided by the NCB from money and banking statistics.

7.7.3 Recording

Currently Lithuania has some 10-year USD denominated bonds which are fully hedged to EUR including interest. Last emission will be redeemed in 2022Q1, no more SWAP agreements are expected in Lithuanian Government finances since then.

At redemption a negative flow of derivatives is recorded in Table 2A as well as holding gains/losses. Increase in market value due to changes in USD/EUR ratio is recorded in line “Appreciation (+)/depreciation (-)(3) of foreign-currency debt (5)” of Tables 3A and 3B. Line

Specific government transactions

“Redemptions/repurchase of debt above(+)/below(-) nominal value” is also affected when partial early redemptions occur.

Maastricht debt is calculated using contractual agreement value so it is not affected by USD/EUR ratio fluctuations.

7.8. Payments for the use of roads

The main issue is whether payments for road, both in the case of tolls and vignettes, should be considered as sale of services or as a tax, when the infrastructures are owned by public units. The issue is important also because the classification of payments made for the usage of roads, either as sales or taxes, influences the assessment of the 50% criterion, which is fundamental for the purpose of assessing whether a given institutional unit (in some cases, a government-controlled entity receiving the payment of the toll or vignette) is a market or a non-market producer.

Payments for the use of roads will generally be classified as a sale of a service in the case of tolls. They will also be classified as a sale of a service in the case of vignettes whenever users have sufficient choice both in terms of selecting specific roads and of choosing a determined length of time for the vignette.

In Lithuania the vignette scheme came into force starting from 1st July 2007. When driving on the main Lithuanian roads of the highest category (A1–A18) by buses, heavy vehicles and their combinations as well as special road vehicles, the user charge shall be paid. Vignette - user charge of owners or users of the vehicles registered in Lithuania, foreign countries, including European Union Member States confirming the payment of the user charge, which gives the right to use roads of the highest category in Lithuania. There are 4 kinds of vignettes: for day, for week, for month and for year. Vehicle owners or users (drivers) may pay the user charge and buy the vignette(s) in the petrol stations as well as at Lithuanian border crossing points and other places marked by special signs. Income from the vignettes is recorded as payments for other non-market output (P.131) in the central government sub-sector (S.1311).

7.9. Emission permits

There are two main trading systems, where European Union Member States can participate:

The Kyoto Protocol is a 1997 international treaty which came into force in 2005. In the treaty, most developed nations agreed to legally binding targets for their emissions of the six major greenhouse gases.[33] Emission quotas (known as "Assigned amounts", AAUs) were agreed by each participating 'Annex 1' country.

The European Union Emission Trading Scheme (or EU ETS) is the largest multi-national, greenhouse gas emissions trading scheme in the world. It is one of the EU's central policy instruments to meet their cap set in the Kyoto Protocol. The so-called EU emission Allowance (EUA) is traded.

The ESA 2010 MGDD part 6, chapter 6.5 is dealing with the statistical recording of the emission trading allowances.

Specific government transactions - There were no government sale and leaseback operations in Lithuania.

Securitisation - Mobile phone licenses

EU emission allowances under EU trading scheme (EUA) are issued for free or sold at auctions and Assigned Amount Units under Kyoto Protocol (AAU) are transferred by Lithuanian authorities.

In the first (2005-2007) and second (2008-2012) EU ETS stages almost all EU allowances were distributed to operators for free. In the third stage (2013-2020) carbon allowances are mainly auctioned. Lithuania participates in the transitional joint European Union Allowances Exchange. Resolution No. 409 of the Government of the Republic of Lithuania, dated 6th April 2011, states that the auctioneer functions for EUAs belonging to Lithuania are being delegated to the MoF and that the funds received from the sale of EUAs will be transferred into the Climate Change Special Programme.

In 2007-2010 there were no sales of Assigned Amount Units undertaken by government. In 2011-2012 six AAU sales and purchase deals for the total sum of EUR 72.6 million were made. AAUs from the first commitment period of the Kyoto Protocol (2008-2012) could be transferred until the end of 2014. The transfer of AAUs from the second commitment period (2013-2020) is limited.

Proceeds of these sales are treated in national accounts as the disposal of non-financial non-produced asset (NP.2) and have a positive impact on the government B.9.

7.10. Sale and leaseback operations

Government sells an asset and immediately leases it back from the purchaser. The issue is whether the sale is to be considered as a "true sale" (transaction in GFCF improving B.9) or the transaction is to be treated differently and an asset should remain on government's balance sheet.

MGDD part VI, chapter VI.2 is dealing with sale and lease back operations

There were no government sale and leaseback operations in Lithuania.

7.11. Securitisation

Securitisation is when a government unit transfers the ownership rights over financial or nonfinancial assets, or the right to receive specific future cash flows, to a special-purpose vehicle (SPV) which in exchange pays the government unit by way of financing itself by issuing, on its own account, asset backed bonds.

The classification of the proceeds received by government as disposal of an asset may lead to an impact on the government deficit, when the asset is a nonfinancial asset or if it is determined that a revenue should accrue. All securitisation of fiscal claims should be treated as borrowing, as well as all securitisation with a deferred purchase price clause and all securitisation with a clause in the contract referring to the possibility of substitution of assets. In addition, if the government compensates the SPV ex-post, although this was not required according to the contract, the operation should be reclassified as government borrowing.

Specific government transactions - There were no government sale and leaseback operations in Lithuania.

Securitisation - Mobile phone licenses

ESA 2010 paragraphs 20.260-20.271 establish securitisation operations accounting rules. The MGDD part 5, chapter 5.5 is dealing with securitisation operations.

There were no government securitisation operations in Lithuania.

7.12. Mobile phone licenses

The receipts of government following the allocation of mobile phone licenses to operators are to be recorded as rent (D.45) over the whole time of the licence.

In cases when licenses are sold in advance of their actual availability, any prepayment collected by government should be recorded as other accounts payable (F.8).

The ESA 2010 MGDD part 6, chapter 6.1 is dealing with the sale of mobile phone licenses.

At the beginning of 2016 the Government of Lithuania during the auction sold the right to use radio spectrum for mobile phone operators. Licence start date was 2017-11-01 (duration of licence 15 years). Prepayment collected by government are recorded as other accounts payable (F.8).

We have spread the received advance (in 2016) for 15 years and we have made the correction in the EDP table 2A. The same correction is made for the year 2018. In the GFS revenue is recorded as D.45.

7.13. Transactions with the Central Bank

The management of asset portfolios and interventions in foreign exchange markets for monetary policy purposes, may generate capital gains for central banks which are liable to be distributed to general government. The amounts involved may sometimes be very large. Capital gains are not income in national accounts and therefore payments to government financed out of capital gains cannot be recorded as property income but have to be recorded as financial transactions. It also proposes to apply the rules on capital injections when government makes a payment to the Central Bank. Such payments by government may be made to cover losses made by the Central Bank. Capital losses may occur due to foreign exchange holding losses. Operational losses may occur due to the fact that interest and other operational income do not cover operational costs made by the central bank. Capital losses cannot be recorded as equity injection, therefore capital gains and losses are somehow not treated symmetrically. This asymmetrical treatment is nevertheless justified for the purpose of appropriately measuring government deficit.

In national accounts capital gains are excluded from distributable profit of the NCB. In practice, the operating profit of the NCB is calculated (total profit before distribution minus the capital gains/losses).

If the payment to government is higher than the operating profit, then an amount equal to operating profit of NCB is recorded as property income (D.42). The difference between the payment to government and operating profit is recorded as an equity withdrawal by government (F.5).

7.14. Lump sum pension payments

ESA 2010 paragraphs 20.273-20.275 define the accounting rules for recording of the lump sum pension payments. The related accounting rules are further described in the ESA 2010 MGDD and debt Part 3.6 Impact on government accounts of transfer of pension obligations.

In 2019, The State Social Insurance Fund (Sodra) received refunds (lump sum) from the private pension funds. Statistics Lithuania recorded this amount into financial liabilities (F.89). This amount will be “amortised” in the form of D.759 as imputed revenue. It will be impossible to recognize individual related payments with the funds returned to SODRA by a particular person. Therefore, for practical reasons, a linear imputation of revenue within 20 years period will be used.

7.15. Pension schemes

7.15.1 Definition of pensions

Main 1st pillar social insurance pensions in Lithuania are based on a “pay-as-you-go” system.

The persons being of the retirement age and having the minimal insurance period of 15 years shall have the right to the social insurance old-age pension. However, if a person wants to get the old-age pension of the total amount, the necessary social insurance of the old-age pensions shall be required. Full insurance period is currently being increased from 30 to 35 years.

More information: <https://www.sodra.lt/en/benefits/information-for-residents/i-want-to-receive-a-pension/retirement-pension>

Amendments to the Law on State Social Insurance Pensions, which envisage a gradual increase in the retirement age, became effective as of 1 January 2012. Every calendar year, the retirement age will be increased by 4 months per year for women and 2 months per year for men, until it reaches 65 years in 2026. Before 2012, the retirement age for men was 62 years and 6 months, and for women – 60 years in Lithuania. The inhabitants of the country from 1 July 2004 have the right to apply for the advance allocation and payment of the old-age pension.

More detailed information about Lithuanian pension system is available on the website <https://socmin.lrv.lt/en/activities/social-insurance-1>

7.15.2 Classification of pension schemes

New pension accumulation process started from 2004 and the pension system in Lithuania has the following constituent parts:

- I State social pension insurance – unfunded;
- II Accumulation for old-age which consists of part of person’s income plus state contribution – funded.

Specific government transactions

- III Voluntary supplementary accumulation for pension in life-insurance companies or pension funds – funded.

7.15.3 Classification of social insurance pension schemes

There are several types of the state social insurance pensions:

- Social insurance old-age pensions;
- Disability pensions;
- Pensions of the widowers or orphans;
- For the time served or early old-age pensions;
- Compensations for special conditions of work.

7.15.4 Definition of social security schemes

State Social insurance old-age pension (1st pillar) is unfunded and consists of the two parts: (i) a flat-rate basic pension (also called general part of pension), and (ii) earnings-related part of pension (also called individual part of pension).

More information: <https://socmin.lrv.lt/en/activities/social-insurance-1/social-insurance-benefits/social-insurance-old-age-pensions>

Assets in Quasi-mandatory (2nd pillar) scheme are accumulated by private pension funds and then transferred to Sodra to sign Pension Annuity Contracts with pensioners. Scheme is fully funded.

More information: <https://www.sodra.lt/en/benefits/information-for-residents/supplementary-accumulated-pension>

7.15.5 Classification of institutional units supporting pension schemes. Borderline cases

The units supporting pension schemes are classified according to Eurostat Decision:

- The State Social Insurance Fund is classified in the general government sector as a sub-sector of social security funds (S.1314).
- Private pension funds which are established by the management and insurance companies are classified in the financial corporations sector (S.12).
- Pension Annuity Fund is classified in a sub-sector of social security funds (S.1314).

7.16. Rearranged transactions

Activities of Public Investment Development Agency (VIPA) classified in financial corporations sector (S.12), undertaken on behalf of government were re-routed. EU financing to Fund for Modernisation of Multi-apartment buildings (DNMF) and the Energy Efficiency Fund (ENEF), the loan portfolio (the loans granted by the funds) and EBRD loan are recorded in general government.

Specific government transactions

7.17 Decommissioning costs

Ignalina nuclear power plant (INPP) decommissioning project is included in government accounts. INPP was fully stopped at the end of 2009. INPP decommissioning are financed from several sources. Major part of the contributions (about 86% of the total costs) was provided as support to Lithuania by the European Union countries (mainly through the EU budget), the contribution of the Republic of Lithuania to the financing of decommissioning process was about 14%.

Expenditure for decommissioning are recorded as gross fixed capital formation (P.51g).

7.18. Income contingent loans

There were no such transactions.

7.19. Concessions

Information on concession contracts are received from MoF or from Central Project Management Agency (CPMA) During the period 2016-2019 there were nine concession contracts signed. All of them with private partners. There were no cases of sales of concession assets.

The criteria used by NSI to assess the classification of concession projects include defining who is the partner (private or public?), whether there are government payments and their nature, establishing the share of government payments in the total revenue of partner and other mechanisms of government participation (guarantees, etc.).

All concessions projects are classified off-balance sheet of government.

7.20. Energy Performance Contracts

[On 19 September 2017, Eurostat published the Guidance note on the recording of energy performance contracts in government accounts](#) and [on 8 May 2018, Eurostat published, in cooperation with the EIB, the Guide on statistical treatment on EPC.](#)

Six EPC had been signed since 2018, all of them classified on balance sheet of government, and no new projects are planned at the moment.

Data on EPC are obtained from the MoF.

* * * * *