



## ABSTRACT

Balance sheet is the report representing government financial position at a certain date. Financial position includes position of asset liability and financial equity. The asset covers all resources which give economic or social benefit owned and or controlled by local government. Liability is debt which has to be settled by local government in the future. Equity shows the local government net wealth, different between asset and liability. Balance sheet is able to show local finance management comprehensively, current local finance management or the potent. Balance sheet is also a local government performance barometer, so to balance sheet has to be implemented in line with PP No. 105 tahun 2000 (pasal 35 & 38) which has been improved by PP No 58 tahun 2006. The aim of the research is to identify the mechanism and procedure of making local government initial balance sheet based on government accounting standard and to identify asset, liability and finance equity after initial balance sheet made in the local government of Kabupaten Halmahera Tengah. The data collected from current asset and fixed asset, liability and financial equity in the local government which includes four bodies, fifteen divisions three offices, nine sub-divisions and six municipalities. Initial balance sheet of Halmahera Tengah is made by using four steps. There are inventory, evaluation, classification and reporting. The result is that the initial balance sheet of Halmahera Tengah local government on 31 December 2007 are asset Rp 326.267.934.307,- liability Rp 185.925.800,- and financial equity Rp 326.082.008.507,-.

**Key words:**

Inventory, evaluation, classification and reporting.