

Study on
THE EXISTING CENTRAL AND
LOCAL GOVERNMENT BUDGETING
AND ACCOUNTING PRACTICES

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ACRONYMS

APBN	The State Budget (Anggaran Pendapatan dan Belanja Negara).
BAF	Fiscal Analysis Agency (Badan Analisa Fiskal)
BAKUN	State Financial Accounting Agency (Badan Akuntansi Keuangan Negara)
BAPPENAS	National Development Planning Agency (Badan Perencanaan Pembangunan Nasional).
DJA	Directorat General of Budget (Direktorat Jenderal Anggaran)
KAR	Regional Accounting Office (Kantor Akuntansi Regional)
KASIPA	Budget Verification Office (Kantor Verifikasi Anggaran)
Kepmendagri 29	Minister of Home Affairs Decree No. 29 Year 2002 (Keputusan Menteri Dalam Negeri No. 29 Tahun 2002)
KPKN	Cash and Treasury Office (Kantor Perbendaharaan dan Kas Negara)
Law No 17	Law No. 17 Year 2003 dated 5 April 2003, State Finance.
MAKUDA	Financial and Administration Manual for Local Government (Manual Administrasi Keuangan Daerah)
MOF	Ministry of Finance.
MOHA	Ministry of Home Affairs
PAD	Local Government Original Revenue (Pendapatan Asli Daerah)
PERDA	Local Government Regulation (Peraturan Daerah)
SAAT	Fixed Asset Accounting System (Sistem Akuntansi Aktiva Tetap)
SAI	Line Ministry Accounting System (Sistem Akuntansi Instansi)
SAP	Central Accounting System (Sistem Akuntansi Pusat)
SAPP	Central Government Accounting System (Sistem Akuntansi Pemerintah Pusat)
SEKDA	Secretary of Local Government (Sekretaris Daerah)

STUDY ON

THE EXISTING CENTRAL AND LOCAL GOVERNMENT BUDGETING AND ACCOUNTING PRACTICES

INTRODUCTION

This report is prepared to document the result of study on the existing central and local government budgeting and accounting practices and policies as a part of a Technical Assistance for Central and Regional Government Accounting Standard Committee, hereinafter referred to as the Committee. This report will be as a basis for following steps in providing technical assistance and support to the Committee.

The study is aimed at identifying the existing condition that might have influences to the development of government accounting standards. It is started by identifying the existing regulation applied for both central and local government of Indonesia. The study also includes the recent and old regulation, namely Law No 17 year 2003 dated 5 April 2003 and MAKUDA, respectively.

The study also identified practices for both central and local government and its evaluation that has been done by another study such as Report on ADB TA 3764 INO Component 3: Accounting and Financial Reporting System of the Government of Indonesia (GOI), March 2003.

At the end of the report, a conclusion is made and some recommendation will be specified including points to be considered in developing government accounting standard in Indonesia.

BUDGETING

CENTRAL GOVERNMENT

PROCESS

Prior to Law No 17, the budget management system is based on the *Indische Comptabiliteitswet* (a.k.a. ICW) of 1925. This adapted Dutch law have been revised with some minor amendments and preserved during Soekarno and Suharto administrations. This law emphasizes on limited information regarding cash and debt management¹. This law is still applied for budget 2003. The budget process is prepared by the following phases,

Budget Preparation

The budget process is commenced by an assessment of macro fiscal indicators undertaken by the BAF under MOF and by the preparation of annual strategic plan coordinated by BAPPENAS. Afterward, MOF and BAPPENAS issue budget circular requesting spending proposal from line ministries for routine and development budget.

Line Ministries, then, submit their routine budget proposals to the DJA and the development budget proposal to the DJA and BAPPENAS. All budget proposals are then discussed and a final result will be proposed by the President to the Parliament for approval.

Budget Enactment

Before giving an approval to the state budget, Parliament will give deliberations to the budget. After several sessions in Budget Commission of the Parliament, annual budget is enacted into law. This law includes the budget appropriation document that is the result of the Parliament reviews of the budget proposed.

Based on the budget appropriation, line ministry prepares the budget allotment and submits routine budget to the DJA and development budget to DJA as well as BAPPENAS for approval. When it has been approved, the allotment will be the documentation for budget implementation.

Law No. 17 revises the above processes as follows,

- (1) On the middle of May in the current fiscal year, government submits the report of macroeconomic framework and fiscal policy for the following fiscal year.
- (2) Based on the macroeconomic framework and fiscal policy approved, the Government and Parliament discuss General Policy and the budget priority as a reference for line ministries in preparing their budget proposal.

¹ Ministry of Finance, The White Paper, Reform of Public Financial Management System in Indonesia: Principles and Strategy, July 2002, p. 3.

- (3) Line ministries, based on the General Policy and budget priority then prepares working plan and estimated budget for the following fiscal year and submits to the Parliament for preliminary discussion of budget.
- (4) The result of preliminary discussion of budget is delivered to MOF as a basic data in preparing draft of APBN.
- (5) Government proposes draft APBN to Parliament for approval.

The approval process in the Parliament still remains the same as previous regulation.

Budget Execution

After the annual budget is approved by Parliament, a Presidential Decree is prepared as the guidance for budget execution. This Presidential degree governs the system and procedure for the budget execution, including the procurement process that should be followed by all government units.

The regulation is issued every year and it may differ from the previous one. However, in general the budget execution procedure is relatively the same.

A payment request (SPP) from each spending unit is submitted to the State Cash and Treasury Office (KPKN). Then, KPKN will verify the regularity of the request before issuing the payment order (SPM).

At the present time, MOF and Parliament have been discussing the draft of state treasury law. This law will govern a new budget execution. If it is approved all regulations dealing with budget execution will be influenced.

STRUCTURE

Every year the structure of state budget consists of,

- (1) Revenue
- (2) Expenditure
- (3) Financing

Revenue

Revenue for central government means all central government rights that increase the net worth.

The revenue consists of tax revenue, non-tax revenue, and grant. However, derived from Central Government Budget 2003, revenue is comprised of domestic revenue and grants. Furthermore, domestic revenue is divided into 2 (two) classes, namely tax revenue and non-tax revenue.

Expenditure

Expenditure for central government means all central government liabilities that reduce the net worth.

The expenditure is itemized in accordance with each organization, function, and type of expenditure.

Financing

Financing is defined as all cash received that will be paid back and/or all cash disbursed that will be received by local government, within the current and following years. Financing comprises of domestic and foreign financing.

The detail of central government budget extracted from APBN 2003 is shown in appendix 1.

LOCAL GOVERNMENT

For Local Government, Kepmendagri 29 is the only officially referenced regulation regarded as a Budget Preparation. In practice, several local governments apply MAKUDA as the main reference.

PROCESS

Budget Preparation

According to Kepmendagri 29, the budget process for local government is staged as follows,

(1) Budget General Policies and Direction Preparation

At this phase, both local government and legislative body gather people aspiration through several media. Afterward, the two parties carry out discussions to determine budget general policies and direction.

(2) Strategized and Prioritized Budget

After completing budget general policies and direction, local government, then, prepares a guide for local government units by issuing PERDA. To make sure the guidance is accordance with the legislative body general policies and direction, some confirmation might take place. Then, Local Government distributes the PERDA to all units.

(3) Budget Preparation at unit of Local Government

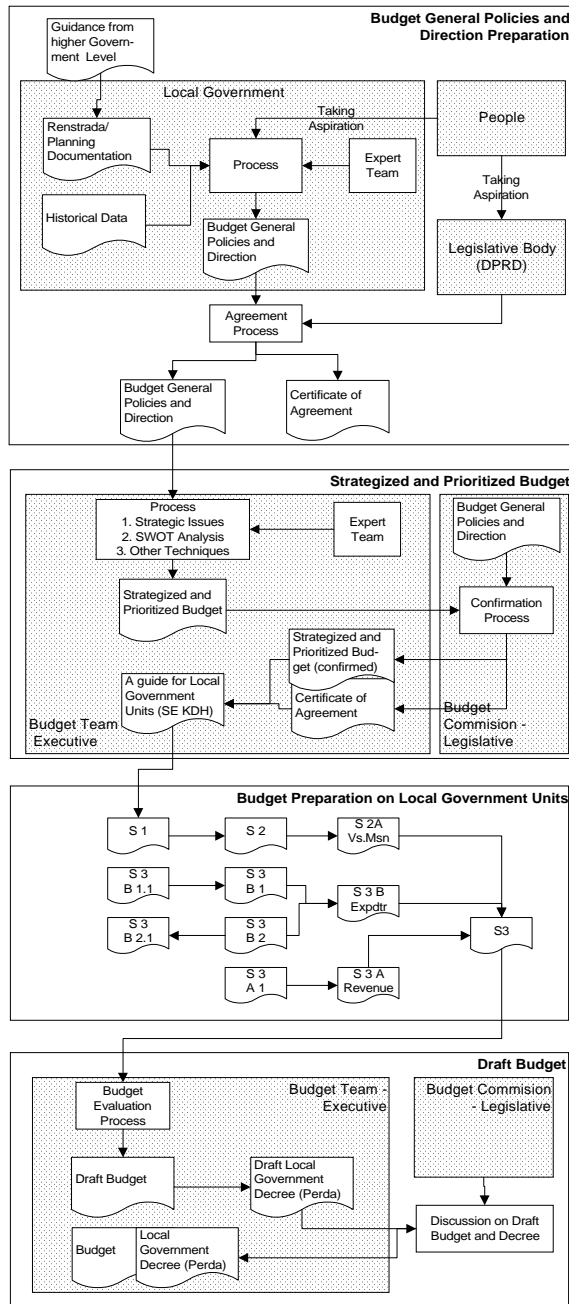
Based on PERDA, all units prepare the planned activities and budget proposal, and submit them to Local Government office.

(4) Draft Budget

Budget Team at the local government office evaluates all unit budget proposals and then prepares a budget proposal for local government as well as a PERDA draft for annual budget. This budget proposal and the PERDA draft are then submitted to budget commission under legislative body for discussion. After all issues have been resolved, legislative body gives approval and the PERDA is issued.

Following chart illustrated all phases in preparing annual budget at local government.

Chart 1 – Budget Preparation Process on Local Government



Budget Execution

After PERDA is issued, the local governments prepare guidance for budget execution. It is common that local government adopt the Presidential degree that governs the system and procedure for the budget execution, including the procurement process that should be followed by all government units.

As described at central government section, generally the budget execution procedure is relatively simple. The difference is only the organization unit involved. The payment request (SPP) from each spending unit is submitted to the Finance Division of Local Government. Then, this division will verify the regularity of the request before issuing the payment order (SPM).

STRUCTURE

According to Minister of Home Affairs Decree No. 29/2002, known as Kepmendagri 29, local government prepares the annual budget that consists of,

- (1) Local Government Revenue
- (2) Local Government Expenditure
- (3) Financing

Local Government Revenue

Local Government Revenue means all cash received and entitled by local government treasury office during the budget year period.

The revenue consists of Local Government original Revenue (Known as "PAD"), Balance Fund (known as "Dana Perimbangan"), and Other Revenues.

Local Government Expenditure

Local government expenditure means all cash disbursed and expensed by local government treasury office during the budget year period.

The expenditure consists of two main categories, namely Local Government Apparatus and Public Services.

Financing

Financing means all local government transactions to cover the differences between revenue and expenditure.

The detail of annual budget according to Kepmendagri 29 is shown in appendix 2.

In addition, the annual budget is attached by nine (9) appendices, which are,

1. Appendix I Summary of Annual Budget
2. Appendix II Detail of Annual Budget
3. Appendix III List of Budget Recapitulation by Governmental Affairs and Unit Organization
4. Appendix IV List of Personnel Number by grades and echelons
5. Appendix V List of Receivables
6. Appendix VI List of Loans
7. Appendix VII List of Permanent Investments
8. Appendix VIII List of Fixed Assets
9. Appendix IX List of Reserve Fund

Recent development dealing with local government budget is stated in Law No 17 year 2003 dated 5 April 2003. Notably, this law defines

revenue, expenditure, and financing using accrual as an accounting basis.

Law 17 defines revenue as local government rights that increase the net worth and expenditure is defined as local government liabilities that reduce the net worth, while financing is defined as all cash received that will be paid back and/or all cash disbursed that will be received by local government, within the current and following years.

In addition Law 17 also classifies local expenditure differently with Kepmendagri 29. In Law 17, the expenditure is itemized and classified by organization, function, and type of expenditure.

ACCOUNTING AND REPORTING

According to Law No 17, both central and local government should submit financial reports, which consist of,

- (1) Budget Realization Report
- (2) Balance Sheet
- (3) Cash Flow Statement
- (4) Notes to Financial Statement

Since this law is still new, the detail regulation regarding the organization and reporting entity is not yet being defined. Nonetheless, the following section will discuss the existing organization and reporting entity according to the previous regulation.

CENTRAL GOVERNMENT

UNITS PERFORMING THE ACCOUNTING AND REPORTING

Ministry Of Finance (MOF)

Within the MOF organization, there are two accounting divisions that are responsible to maintain transactions records incurred, namely KASIPA (Budget Verification Office) under the DJA (Directorate General of Budget) and KAR (Regional Accounting Office) under the BAKUN (State Financial Accounting Agency). By these two divisions, about 90% of the national budget (APBN) is being processed².

As stated in the Decree of Finance Minister No. 295/KMK.12/2001 and the Decree of Head of Accounting Agency (BAKUN) No.11/AK/2002 dated 19 April 2002, the division should prepare a set of report, which consists of budget realization report and balance sheet.

To produce budget realization report and balance sheet, BAKUN sets two data processing units, which are KAR (Kantor Akuntansi Regional or Regional Accounting Office) and KAK (Kantor Akuntansi Khusus or Special Accounting Office).

² ADB, REPORT ON ADB TA 3764 INO COMPONENT 3: Accounting and Financial Reporting System of the Government of Indonesia (GOI), 2003, p. 4

Line Ministries and Agencies

Line Ministries and Agencies are required to record and report their accounting transaction as guided by the Decree of the Head of BAKUN No.KEP-11/AK/2002 dated 19 April 2002 and letter of the Head of BAKUN No.S-222/AK/2002 dated 8 August 2002. Both regulations require the Ministries and Agencies to prepare and submit their budget realization report and balance sheet to BAKUN.

To produce budget realization report and balance sheet, line ministries and agencies create accounting units such as UAW (Unit Akuntansi Wilayah or Regional Accounting Unit), UAE I (Unit Akuntansi Eselon I or Echelon I Accounting Unit) and UAKPI (Unit Akuntansi Kantor Pusat Instansi or Ministry Accounting Unit).

As reported by ADB, BAKUN provides an accounting software system for Ministry of Forest and BAPPENAS to assist them in preparing the required reports. Unfortunately, the software systems have not been implemented successfully at both institutions so they prepare budget realization report and balance sheet manually.

ACCOUNTING SYSTEM

Accounting System Subset

The Decree of Finance Minister No. 295/KMK.12/2001 guides the central government to apply accounting information systems to record the data and report all financial transactions, assets, liabilities and equities of the central government. This system is known as "SAPP" (Sistem Akuntansi Pemerintah Pusat or Central Government Accounting System). This system comprises of three sub systems, which are:

- (1) SAP (Sistem Akuntansi Pusat or Central Accounting System), which is functional in BAKUN. SAP consists of two sub systems as follows:
 - (a) SAU, which stands for Sistem Akuntansi Umum or General Accounting System; and
 - (b) SAKUN, which is Sistem Akuntansi Kas Umum Negara or General Cash Accounting System.
- (2) SAI (Sistem Akuntansi Instansi or Line Ministry Accounting System) for all line ministries. SAI consists of the followings:
 - (a) Accounting system at office level
 - (b) Accounting system at project level
 - (c) Accounting system at echelon 1 level
 - (d) Accounting system at line ministry or agency level
- (3) SAAT (Sistem Akuntansi Aktiva Tetap or Fixed Asset Accounting System), which is a part of the SAPP maintained by line ministries to record fixed assets for balance sheet preparation purpose.

Accounting System Documentation

Central Accounting System (SAP)

There are 5 (five) unit organizations under MOF that involve in SAP administration, namely KPKN, KASIPA, KAK, KAR, and BAKUN Jakarta. KPKN and KASIPA are under the Direktorat Jenderal Anggaran (DG Budget), while KAK and KAR are under BAKUN.

KPKN (Cash and Treasury Office) administrates all payments and receipts through designated banks in each region. KAR (Regional Accounting Office) is responsible for compiling transaction data made by KPKN in certain region and producing entries of all transactions. KAK is a special accounting office based in Jakarta that has main responsibility to record all transactions in foreign currencies and transactions of central government offices. The source documents received by KAK are³:

- (1) DRKP (list of government accounts), LAH (daily reports), SPM BUN (payment order of the State Treasury Account) and “Saldo Kas Reksus” (Cash Balances of Special Accounts), which are from “Direktorat Perbendaharaan dan Kas Negara-DJA” (Directorate of Treasury);
- (2) Monthly foreign loan reports including beginning and ending balance, change in the balances of the foreign loans and the installments made within the month, which are from Direktorat DLN-DJA (Directorate of Foreign Loans);
- (3) Monthly reports of progress on the Government Capital Investments in BUMN including beginning and ending balance of capital investment in BUMN, the additional fund made by Government during the month, and proceeds earned from privatization of BUMN, which are from Ministry of BUMN;
- (4) Monthly report of RDI (Investment Fund Accounts) and monthly report of RPD (Development Accounts for Regional Governments), which are from DJLK (Directorate of Financial Institution);
- (5) Monthly reports of government domestic debts including breakdown of bonds outstanding, beginning and ending balance of government bonds, number of bonds issued and number of bonds redeemed within the month, which are from Center for Government Bonds Management;
- (6) Monthly reports on fixed asset, which consist of list of fixed assets (types, cost, numbers, year of acquisitions, and condition), beginning and ending balance of property, plant, and equipment (PP&E), and purchasing and disposing of PPE within the month, which are from Center of Accounting for Property, Plan and Equipment;

³ Ibid, p. 7-8

- (7) Monthly reports on budget appropriation and budget credit or revenue estimation, which are from Directorate of Budget Allotments;
- (8) Documents of SPM KPKN-K at which is SPM nominated in foreign currencies and daily reports of customer accounts, which are from Special KPKN.

Line Ministries and Agencies Accounting System (SAI)

As described before, SAI is administered in UAW, UAE I, and UAKP I. These organizational units are under line ministries or agencies. UAWs are regional accounting units that receive and process transaction data from KAR. Then, UAE I compiles the transaction data from all UAWs under each echelon I, while UAKP I organizes reports from all UAE I. At the end, UAKPI produces budget realization reports of each line ministry and agency.

In short, main source documents involved in central government accounting system (SAPP) are SPM (payment order), SSBP (non tax revenue receipts), SSP (tax revenue receipts), and other documents received by KAK from other institution as explained in previous section.

LOCAL GOVERNMENT

UNITS PERFORMING THE ACCOUNTING AND REPORTING

Unit performing the accounting and reporting procedures at local government differs from one district to another. It depends on the PERDA governing organization structure and job descriptions. City of Bandung puts the Finance Division (Bagian Keuangan) under SEKDA (Secretary of Local Government) while District of Tangerang sets up a financial organization, called BPKD (Local Government Financial Management Body) that is separated from SEKDA. Although the organization differs amongst local governments, in general, the organization has, at least, two (2) separate main functions, namely Treasury and Accounting divisions.

ACCOUNTING SYSTEM

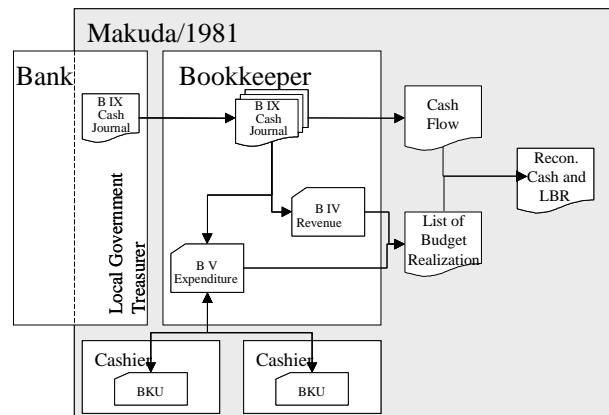
Although Kepmendagri 29 is a the only reference for local government to manage, record, and report all financial transaction, Procedures for local government financial officer are still unclear. A more detail guidance in order to implement this regulation is still required. For such reason, practically most local government is still applying the old regulation MAKUDA (Financial Administration Manual for Local Government) that was issued in 1981.

Financial Administration Manual for Local Government (Manual Administrasi Keuangan Daerah/MAKUDA)

Local government financial system as stated in MAKUDA was designed to manage all financial activities and it was intended to be able to produce List of Budget Realization and simple Cash flow. This manual is a single entry system and uses cash accounting basis as required in *Indische Comptabiliteitswet* (ICW) of 1925.

The picture below depicts how the MAKUDA works and its relation to other system,

Chart 2 – The flow of information based on MAKUDA



In short, the main MAKUDA's source documents are:

- (1) Cash Journal (known as B IX),
- (2) Revenue Columnar Register (known as B IV),
- (3) Expenditure Columnar Register (known as B V),
- (4) Cash Ledger (known as BKU),

While the reports produced by MAKUDA are:

- (1) List of Budget Realization, and
- (2) Simple Cash Flow.

Ministry of Home Affairs Decree No. 29 Year 2002 (Kepmendagri 29)

Kepmendagri 29 states that accounting used for local government is modified cash basis. It means that all transactions are recorded according to cash received or paid. The modification is made to recognize certain assets, such as fixed assets and receivable, and liabilities in order to comply with Government Regulation 105 Year 2000 that obliges local government to report balance sheet as part of its accountability report.

This regulation requires local government to develop accounting policy that should be synchronized with existing accounting standards.

According to Kepmendagri 29, the main source documents for local government are:

- (1) Cash Collection Journal
- (2) Cash Disbursement Journal
- (3) General Journal (for non-cash transactions)

As stated in Kepmendagri 29, local government is required to submit Accountability Report to legislative body, which consists of:

- (1) Local Government Accountability Report

- (2) Notes to Accountability Report
- (3) Cash Flow Statement
- (4) Balance Sheet

ASSET MANAGEMENT

CENTRAL GOVERNMENT

Central government assets are managed according to Ministry of Finance Decree No. 225/MK/V/4/1971 dated 13 April 1971. This decree defines central government assets as all goods and assets owned by central government, except for government separated assets, such as government enterprises, and assets of autonomy region.

According to this decree, central government assets consist of:

- (1) Land;
- (2) Buildings;
- (3) Monuments;
- (4) Machines and equipment;
- (5) Books;
- (6) Transportation equipment;
- (7) Hospital tools and equipment;
- (8) Animals;
- (9) Inventory;

In 1999, Minister of Finance issued the decree No. 18/KMK.018/1999 dated 14 January 1999 detailing the classification.

As seen at the above classification of central government asset, the existing asset management regulation treats inventory as a part of fixed asset. From the accounting perspectives fixed assets and inventory should be differentiated since their natures is definitely dissimilar.

LOCAL GOVERNMENT

Local governments manage their assets guided by Ministry of Home Affairs (MoHA) Decree No. 11 Year 2001 dated 1 February 2001. This decree defines local government assets as all local government tangible assets, which are owned or controlled by local government and can be valued, counted, and measured or weighted, including animals and plants except for cash and marketable securities.

According to the above MoHA decree, there is no significant different classification with the one used by the central government.

DRAFT OF STATE TREASURY LAW

At the present time, MOF and Parliament have discussed the draft of state treasury law. This law will govern the state assets in article 27. If it is approved all regulations dealing with state and government assets will be influenced.

CONCLUSION AND RECOMMENDATION

CONCLUSION

From discussion at previous sections, it can be concluded that,

- (1) Following the issuance of Law No. 17, the process and structure of budget preparation have been modified and the main changes are as follows:
 - (a) The involvement of Parliament is commenced since the beginning of budget cycle that is in determining macroeconomic framework and fiscal policy;
 - (b) The Line Ministries and Agencies prepare their working plan and estimated budget to be discussed with Parliament, not with DJA nor with BAPPENAS;
 - (c) Structure of Budget consists of Revenue, Expenditure, and Financing;
 - (d) Expenditures are classified based on organization, function, and types of expenditures
- (2) Both central and local government submit a set of financial report, which consists of (1) Budget Realization Report, (2) Balance Sheet, (3) Cash Flow Statement, and (4) Notes to Financial Statement.
- (3) Since this law is still new, the detail regulation regarding the organization and reporting entity is yet to be defined.
- (4) There are two (2) units performing the Accounting and Reporting within MOF organization.
- (5) The accounting system developed by BAKUN is not working well perfectly in assisting certain line ministry and agency, especially at Ministry of Forest and BAPPENAS, to produce financial statements.
- (6) To implement Kepmendagri 29 which is the only reference for local government to manage, record, and report all financial transactions, it is needed detail guidance for local government so that the MAKUDA could be removed as a reference completely.
- (7) The existing asset management regulation treat inventory as a part of fixed asset. From the accounting perspective fixed assets and inventory should be differentiated since their natures are definitely dissimilar.
- (8) At the present time, MOF and Parliament have discussed the draft of state treasury law. This law will govern the state assets in article 27. When it is approved, all regulations dealing with state and government assets will be affected.

RECOMMENDATION

Based on the above conclusion, in the case of developing government accounting standards, it is suggested that,

- (1) The government accounting standard for budget should conform to the Law No. 17, especially for budget structure and classification.
- (2) Line Ministry and Agency are encouraged to develop their owned accounting system and MOF provides assistance for knowledge in accounting guidance and policy.
- (3) The Committee should develop accounting standards accompanying the Draft No 1-3 by prioritizing on:
 - (a) Reporting Entity, which defines criteria to determine controlling and controlled entity.
 - (b) Property, Plant, and Equipment (PP&E), which contains definition, scope, recognition, valuation, and other fixed asset topics.

Since the state treasury law is being discussed with the Parliament and this law governs how to manage the state assets, accounting standard for PP&E should be waited for law approval.
 - (c) Inventory, which contains definition, scope, recognition, valuation, and other inventory topics.

Since the existing asset management regulation considers the inventory as a part of fixed asset, it is critical that standard for inventory distinguish inventory from fixed assets.
- (4) To implement the government accounting standards, the following step should be to develop accounting guidance and policy. This could be developed by MOF or other institution.

APPENDICES

APPENDIX 1 – THE CONTENT AND STRUCTURE OF STATE BUDGET

CENTRAL GOVERNMENT OPERATION	
Description	Amount
Total revenue and grants	
I. Domestic revenue	
1. Tax revenue	
a. Domestic taxes	
i. Income tax	
1. Oil and gas	
2. Non-oil	
ii. Value added tax	
iii. Land and building tax	
iv. Duties on land and building transfer	
v. Excise	
vi. Other	
b. International trade taxes	
i. Import duties	
ii. Export duties	
2. Non tax revenue	
a. Natural resources	
i. Oil	
ii. Gas	
iii. Mining	
iv. Forestry	
v. Fishery	
b. Profit transfer from SOEs	
c. Others 3)	
II. Grants	
Total expenditure	
I. Central government expenditure	
1 Current expenditure	
a. Personnel	
b. Good and services	
c. Interest Payment	
i. Domestic interest	
ii. External interest	
d. Subsidies	
i. Oil subsidies	
ii. Non oil subsidies	
e. Other current expenditure	
2 Development expenditure	
a. Rupiah financing	
b. Project aid	
II. Balance budget	
1 Revenue sharing	
2 General allocation fund	
3 Specific allocation fund	
III Special autonomy	
Primary balance (A-(B-B1.c))	
Overall balance (A - B)	
Financing	
I. Domestic financing	
1. Domestic bank financing	
2. Non domestic bank financing	
a. Privatization proceeds	
b. Assets recovery	
c. Government Bonds	
i. Government bond issues	
ii. Amortization on domestic bond	
iii. Government bonds buy back	
d. Government Bonds	
II. Foreign financing	
1. Withdrawing	
a. Program aid	
b. Project aid	
2. Amortization	

APPENDIX 2 - THE CONTENT AND STRUCTURE OF LOCAL GOVERNMENT BUDGET

Budget Summary For the Fiscal Year

No	Description	Amount
1	2	3
I	REVENUES	
1.1	Local Government Original Revenues	
1.1.1	Taxes	
1.1.2	Retribution	
1.1.3	Dividens from local government owned enterprises	
1.1.4	Other Local Government Original Revenues	
1.2	Balancing Fund	
1.2.1	Revenue sharing - Taxes and Non Taxes	
1.2.2	General Allocation Fund	
1.2.3	Special Allocation Fund	
1.2.4	Balancing Fund from Province Government *)	
1.3	Other Revenues	
	Total Revenues	
II	EXPENDITURES	
2.1	LOCAL GOVERNMENT APPARATUS	
2.1.1	General Administration Expenditures	
2.1.1.1	Personnel Expenditure	
2.1.1.2	Goods and Services Expenditures	
2.1.1.3	Work Traveling Expenditures	
2.1.1.4	Maintenance Expenditures	
2.1.2	Operation and Maintenance Expenditures	
2.1.2.1	Personnel Expenditure	
2.1.2.2	Goods and Services Expenditures	
2.1.2.3	Work Traveling Expenditures	
2.1.2.4	Maintenance Expenditures	
2.1.3	Capital Expenditures	
2.2	PUBLIC SERVICES	
2.2.1	General Administration Expenditures	
2.2.1.1	Personnel Expenditure	
2.2.1.2	Goods and Services Expenditures	
2.2.1.3	Work Traveling Expenditures	
2.2.2	Operation and Maintenance Expenditures	
2.2.2.1	Personnel Expenditure	
2.2.2.2	Goods and Services Expenditures	
2.2.2.3	Work Traveling Expenditures	
2.2.2.4	Maintenance Expenditures	
2.2.3	Capital Expenditures	
2.3	Revenue Sharing and Financial Assistance Expenditures	
2.4	Emergency/Unpredictable Expenditures	
	Total Expenditures	
	Surplus/(Deficit)	
III	FINANCING	
3.1	Local Government Receipt	
3.1.1	Fund Balance - previous year	
3.1.2	Transfer in from Reserve Fund	
3.1.3	Receipt from Loan and Obligation	
3.1.4	Receipt from sales on separated government assets	
	Total Local Government Receipt	
3.2	Local Government Disbursements	
3.2.1	Transfer out to Reserve Fund	
3.2.2	Disbursement for Permanent Investment	
3.2.3	Loan Repayment - principal	
3.2.4	Fund Balance - current year	
	Total Local Government Disbursements	
	Total Financing	