



FINANCE MINISTER
OF THE REPUBLIC OF INDONESIA

COPY
REGULATION OF THE FINANCE MINISTER
NUMBER 120/ PMK.03/ 2009

ON

ACCOUNTING SYSTEM AND REPORTING ON TRANSFERS TO THE LOCAL
GOVERNMENT

THE FINANCE MINISTER,

Having considered : that for the purpose of implementing paragraph (8) of Article 16 of the Regulation of the Finance Minister Number 171/PMK.05/2007 on Accounting System and Financial Statement of the Central Government, it is necessary to enact a Regulation of the Finance Minister on Accounting System and Reporting on Transfers to the Local Government.

Having observed : 1. Presidential Decree Number 20/P of 2005;
2. Regulation of the Finance Minister Number 171/PMK.05/2007 on Accounting System and Reporting on Transfers to the Local Government.

HAS DECIDED:

To enact : REGULATION OF THE FINANCE MINISTER ON ACCOUNTING
SYSTEM AND REPORTING ON TRANSFERS TO THE LOCAL
GOVERNMENT

CHAPTER I

GENERAL PROVISIONS

Article 1

For the purpose of this Regulation of the Finance Minister, the following words shall have the following meaning :

1. Notes to Financial Statement means a report that explains the information or presents a detailed break-down or an analysis of the value of an account presented in the Budget Realization Statement, Balance Sheet and Cash Flow Statement to provide sufficient disclosure of the accounts.
2. A Source Document means a document related to a particular financial transaction and is used as a source or as proof to generate accounting data.
3. Balancing Funds shall mean funds from the State Revenue and Expenditure Budget (APBN) that is allocated to the local government for the purpose of decentralization.
4. Special Autonomy and Adjustment Funds shall mean the funds allocated under the Special Autonomy Law for the purpose of accelerating development and the funds provided to certain local governments that are calculated based on the fiscal capacity of the local government.



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5. The Budget Realization Statement means a report that presents information on the realization of revenues, expenditures, transfers, surplus/deficit and financing, and any surplus/deficit shall be compared to the budget for the period.
6. The Balance Sheet is a report that presents information on the financial position of the government, including its asset, liabilities and equities on a particular date.
7. Transfer Receivables from the Local Government shall mean the Receivables incurred due to the surplus from the transferred Balancing Funds and from the Special Autonomy and Adjustment Funds to the local government and this excess may be deducted from next year's transfer.
8. Agent of Budget User means the official(s) responsible for the utilization of the budget of the State Ministry/ Institution/ Apparatus of the Local government Line-Agency.
9. The Accounting System and Reporting on Transfers to the Local Government herein after shall be referred to as SA-TD means a series of manual or computerized procedures beginning from data collection, validation, recording, summarizing and reporting the transfers from the central government to the local government.
10. Notification of the Allocated Transfer, herein after shall be referred to as SPAT means a document that contains the details of allocated distribution for each transfer to the local government within one period and is prepared for each DIPA.
11. Transfer Dues to the Local government shall mean a liability of the Central Government incurring from the portion of the Balancing Funds and Special Autonomy and Adjustment Funds that have not been disbursed/not been transferred by the central government to the local government up to the end of the budget year.
12. Transfers to the Local government shall mean the funds from APBN which is allocated to the local government for the purpose of implementing decentralization that consists of the Balancing Funds and the Special Autonomy and Adjustment Fund.
13. The Accounting Unit of the State General Treasurer, herein after shall be referred to by its acronym of UABUN, is the accounting unit at the Ministry of Finance that is responsible for coordinating and providing guidance on the accounting activities and financial reporting at the UAP-BUN level and consolidating the entire UAP-BUN financial statements.
14. The Accounting Sub-Unit of the State General Treasurer, herein after shall be referred to by its acronym of UAP-BUN, is the accounting unit at Echelon 1 of the Ministry of Finance that is responsible for consolidating the financial statements of the entire UAKPA-BUN.
15. The Accounting Unit of the Agent of Budget User of the State General Treasurer, herein after shall be referred to by its acronym of UAKPA-BUN, is the accounting unit responsible for administering the accounting activities and financial reporting at the line-agency level at the State General Treasurer.



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CHAPTER II
ACCOUNTING SYSTEM AND REPORTING
ON TRANSFERS TO THE REGION

Article 2

- (1). SA-TD is a sub-system of the State General Treasurer Accounting System (SA-BUN).
- (2). SA-TD shall issue the Budget Realization Statement, Balance Sheet and Notes to Financial Statement.
- (3). SA-TD is implemented under the Directorate General of Fiscal Balance.
- (4). In order to implement SA-TD as referred to in paragraph (3), the Directorate General of Fiscal Balance shall establish an Accounting Unit consisting of:
 - a. The Accounting Sub-Unit of the State General Treasurer (UAP-BUN); and
 - b. The Accounting Unit of the Agent of Budget User of the State General Treasurer (UAKPA-BUN).
- (5). UAP-BUN as referred to in paragraph (4) shall be established by the Finance Minister.
- (6). The relationship between UAP-BUN and UAKPA-BUN shall be further stipulated in the Regulation of the Director General of Fiscal Balance.

Article 3

- (1). In order to implement SA-TD, the Director General of Fiscal Balance shall act as the Agent of Budget User of the State General Treasurer (PA-BUN).
- (2). The Directorate of Balancing Fund shall act as UAKPA-BUN.
- (3). UAKPA-BUN shall process the source documents of the financial transaction on the transfer of revenues and expenditures to the local government.
- (4). Source Documents as referred to in paragraph (3) shall be specified further in the Module of the Accounting System and Transfer statement to the Region.
- (5). UAKPA-BUN shall reconcile the Financial Statement with the Directorate of State Treasury Management and KPPN every quarter.
- (6). Results of said reconciliation shall be recorded in the Official Report of Reconciliation
- (7). UAKPA-BUN shall submit a quarterly Expenditure Realization Report to UAP-BUN.



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- (8). UAKPA-BUN shall submit the Balance Sheet, Budget Realization Statement and Notes to Financial Statements to the UAP-BUN each semester and annually.
- (9). The Annual Financial Statement of UAKPA-BUN shall be accompanied by a Statement of Responsibility

Article 4

- (1). The Directorate General of Fiscal Balance shall act as the UAP-BUN.
- (2). UAP-BUN shall consolidate the UAKPA-BUN Financial Statement
- (3). UAP-BUN shall prepare the Financial Statement at UAP-BUN level derived from the consolidated Financial Statement as referred to in paragraph (2).
- (4). UAP-BUN must reconcile UAP-BUN Financial Statement with the Directorate General of Treasury *c.q.* the Directorate of Accounting and Financial Reporting every semester.
- (5). Results from said reconciliation shall be recorded in an Official Report of Reconciliation.
- (6). UAP-BUN shall submit the UAP-BUN Financial Statement to UABUN every semester and annually.
- (7). The Financial Statement as referred to in paragraph (6) consists of Budget Realization Statement, Balance Sheet and Notes to Financial Statement.

Article 5

- (1). The transfers of profit sharing funds to the local government shall be based upon the data of realized tax revenues, customs and non-tax state revenue (PNBP) from natural resources.
- (2). Data of realized revenues as referred to in paragraph (1) does not include tax revenue that is borne by the government.

CHAPTER III

ACCOUNTING TREATMENT FOR
TRANSFERS TO LOCAL GOVERNMENT

Section One

Classification, Recognition, Calculation, Presentation
and Disclosure of Transfers to Local Governments

Article 6

Transfers to the Local government include the Transfers of Balancing Fund and Transfers of the Special Autonomy and Adjustment Funds.



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Article 7

- (1). Transfers of Balancing Funds consist of:
 - a. Transfers of the Profit Sharing Funds (DBH);
 - b. Transfers of Block Grants (DAU); and
 - c. Transfers of Special Grants (DAK).
- (2). Transfers of the Special Autonomy and Adjustment Funds consist of:
 - a. Transfers of the Special Autonomy Funds; and
 - b. Transfers of Adjustment/ Balancing Funds.

Article 8

- (1). Transfers of Profit Sharing Funds consist of:
 - a. Transfers of Profit Sharing Funds from Taxes (DBH *Pajak*);
 - b. Transfers of Profit Sharing Funds from Natural Resources (DBH SDA); and
 - c. Transfers of Profit Sharing from Excise on Tobacco Products (DBH *Cukai Hasil Tembakau*).
- (2). Transfers of the Block Grants (DAU) consist of:
 - a. Block Grants (DAU) to Province; and
 - b. Block Grants (DAU) to District/ City.
- (3). Transfers of the Special Grants (DAK) consist of:
 - a. Special Grants (DAK) to Province; and
 - b. Special Grants (DAK) to District/ City.

Article 9

- (1). Transfers of Profit Sharing Funds from Taxes (DBH *Pajak*) consists of:
 - a. Transfers of Profit Sharing Funds from Land and Building Taxes (DBH PBB);
 - b. Transfers of Profit Sharing Funds from the Proceeds of Land and Building Title Fees (DBH BPHTB); and
 - c. Transfers of Profit Sharing Funds from the Proceeds from Domestic Personal Income Tax (DBH PPh WPOPDN).
- (2). Transfers of the Proceeds from Natural Resources (DBH SDA) consist of:
 - a. Transfers of Profit Sharing from the Proceeds of Natural Resources in Forestry sector;
 - b. Transfers of Profit Sharing from the Proceeds of Natural Resources in General Mining sector;
 - c. Transfers of Profit Sharing from the Proceeds of Natural Resources in Fisheries sector;
 - d. Transfers of Profit Sharing from the Proceeds of Natural Resources in Oil & Gas sector;
 - e. Transfers of Profit Sharing from the Proceeds of Natural Resources in Natural Gas sector; and
 - f. Transfers of Profit Sharing from the Proceeds of Natural Resources in Geo Thermal sector.



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Article 10

- (1). Transfers to the Local government shall be recognized upon disbursement of funds from the State General Treasurer Account.
- (2). Transfers to the Local government shall be recorded at its nominal value on the transfer date.
- (3). Transfers to the Local government shall be presented in the Financial Statement and described in details in the Notes to the Financial Statement.

Section Two
Classification, Recognition, Calculation, Settlement and
Disclosure of Transfer to the Region

Article 11

1. Transfer Dues to the Local government consist of:
 - a. Transfers of outstanding Balancing Funds;
 - b. Transfers of outstanding Special Autonomy and Adjustment Funds
2. Transfer Dues to the Local government as referred to in paragraph (1) shall be classified as short-term liabilities.

Article 12

- (1). Transfer Dues to the Local government shall be recognized upon the occurrence of the Liabilities.
- (2). Outstanding Transfers to the Local government shall be recorded as Transfer Dues to the Local government equal to the outstanding obligation to the Local government.

Article 13

Outstanding Transfer Dues to the Local government shall be budgeted in the following year's budget categorized under the transfer group.

Article 14

- (1). Transfer Dues to the Local government shall be presented in the Balance Sheet at its recorded/estimated value.
- (2). Recorded/ estimated value is the outstanding nominal value.
- (3). Transfer Dues to the Local government is presented and disclosed as a list of obligations that are payable to the receiving local government.



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Section Three
Classification, Recognition, Calculation, Settlement,
Presentation and Disclosure of Transfer Receivables from the Local
Government

Article 15

- (1). Transfer Receivables from the Local government consist of:
 - a. Transfer Receivables of Balancing Fund; and
 - b. Transfer Receivables of Special Autonomy and Adjustment Funds.
- (2). Transfer Receivables from the Local government as referred to in paragraph (1) is classified under current assets.

Article 16

- (1). Transfer Receivables from the Local government occurs if the realization of the Transfers to the Local government exceeds the eligible amount that has been designated for the Local Government.
- (2). Transfer Receivables from the Local government shall be recognized upon the event of the excess payment.

Article 17

Transfer Receivables from the Local government shall be settled by:

- (1). deducting a portion of the following year's transfer; or
- (2). returning the funds to the State Treasurer Account.

Article 18

- (1). Transfer Receivables shall be presented in the Balance Sheet amounting to the value of the excess payment.
- (2). Transfer Receivables from the Local government shall be presented and disclosed as a list of receivables according to the local government that received the excess payment.

CHAPTER IV

STATEMENT OF RESPONSIBILITY AND REVIEW

Section One
Statement of Responsibility

Article 19

- (1). The Director General of Fiscal Balance as the UAP-BUN shall prepare the Statement of Responsibility for the submitted Financial Statement.



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- (2). The Statement of Responsibility as referred to in paragraph (1) shall declare that the APBN is managed according to the proper internal control system and the financial accounting has been implemented in compliance to government accounting standard.
- (3). Statement of Responsibility as referred to in paragraph (1) may include an explanatory paragraph for an event that is not recorded in the Financial Statement.
- (4). The format and content of the Statement of Responsibility as referred to in paragraph (1) shall conform to the Appendix, which is an integral part of this Regulation of the Finance Minister.

Section Two
Reviewed Statement

Article 20

- (1). For the purpose of financial accountability, each UAP-BUN as a reporting entity shall present a Financial Statement of the UAP-BUN every semester and annually in the form of Budget Realization Statement, Balance Sheet and Notes to the Financial Statement supported by the Statement of Responsibility and Statement of Review.
- (2). The Financial Statement as referred to in paragraph (1) shall be reviewed by the Internal Auditor.
- (3). The result of the review as referred to in paragraph (1) shall be recorded in the review report presented in the Statement of Review.
- (4). The Statement of Review as referred to in paragraph (3) shall be signed by the Internal Auditor.

CHAPTER V
CLOSING PROVISIONS

Article 21

- (1). SA-TD shall be implemented according to the Module of Accounting System and Transfer to the Local Government, as an Appendix which is an integral part of this Regulation of the Finance Minister.
- (2). SA-TD as referred to in paragraph (1) shall be implemented no later than 2009.



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Article 22

Further provisions for implementing this Regulation of the Finance Minister shall be set forth in a Regulation of the Director General of Fiscal Balance.

Article 23

This Regulation of the Finance Minister shall be effective on the date of its promulgation.

In order that this Regulation be known to the general public, it is hereby ordered that this Regulation be promulgated in the Official Gazette of the Republic of Indonesia

Enacted in Jakarta
On July 7, 2009

THE FINANCE MINISTER
(signed)
SRI MULYANI INDRAWATI

Promulgated in Jakarta
On July 7, 2009

THE MINISTER OF JUSTICE AND HUMAN RIGHTS
(signed)
ANDI MATTALATA

OFFICIAL GAZETTE OF THE REPUBLIC OF INDONESIA OF 2009 NUMBER 336

This copy is in conformity with the original
Head of the General Affairs Bureau
for
Head of the Administration of Ministry of Finance
(signed and sealed with the seal of the General Affairs Bureau)
Antonius Suharto
NIP 060041107



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APPENDIX
REGULATION OF THE FINANCE MINISTER
NUMBER 120/PMK.05/2009 ON ACCOUNTING
SYSTEM AND REPORTING THE TRANSFERS
TO THE LOCAL GOVERNMENT

MODULE OF ACCOUNTING SYSTEM AND REPORTING ON TRANSFERS TO THE LOCAL GOVERNMENT



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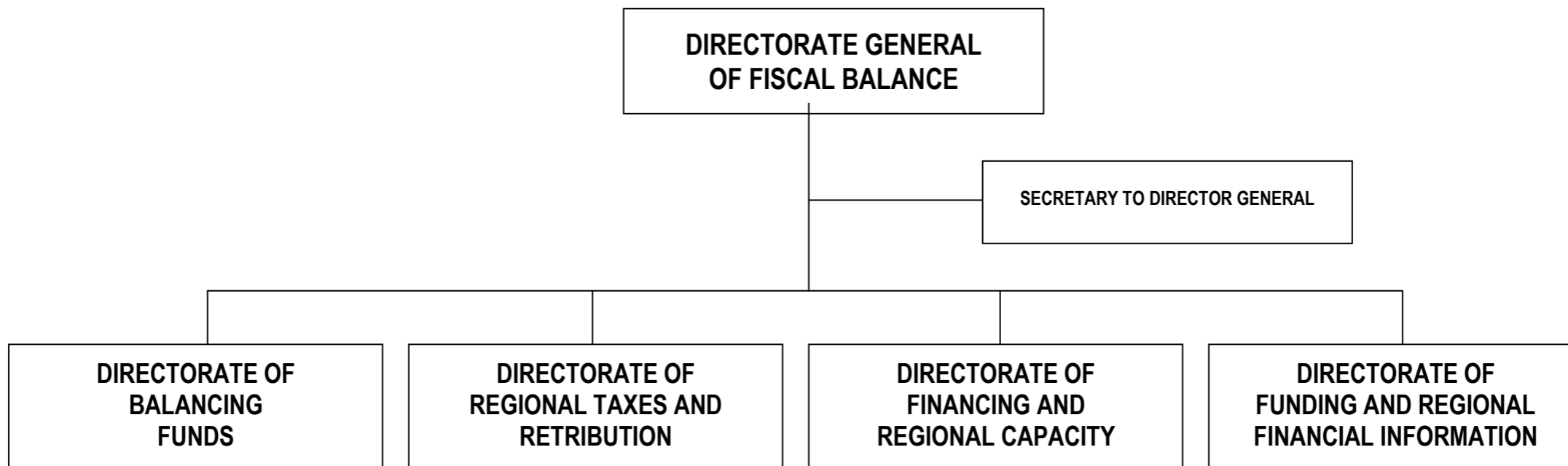
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ORGANIZATION STRUCTURE OF THE DIRECTORATE GENERAL OF FISCAL BALANCE





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SOURCE DOCUMENTS USED IN
ACCOUNTING SYSTEM FOR TRANSFERS TO THE LOCAL
GOVERNMENTS

No	Type of Transactions	Source Document
1.	Budget Allocation	a. Regulation of the Finance Minister on the Details of Transfer Allocation to the Local Government b. DIPA c. Revised DIPA
2.	Realization	a. SPM /SP2D Payment Order/Disbursement Order b. SSPB
3.	Recording the Payables and Receivables	a. Document for Payables b. Document for Receivables
4.	Other supporting documents	a. Law No. 33 of 2004 b. Law on State Revenue and Expenditure Budget c. Law on Special Autonomy d. Government Regulation on Balancing Funds e. Presidential Decree on the Details of the State Revenue and Expenditure Budget (APBN) f. Notes of Transfer g. Itemized List of Transfer Recipients h. Confirmation Letter on Transfer i. Other documents



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**ACCOUNT CODES IN THE ACCOUNTING SYSTEM FOR
TRANSFERS TO THE LOCAL GOVERNMENTS**

ACCOUNT	ACCOUNT DESCRIPTION
1	ASSETS
11	CURRENT ASSETS
1136	Advance Payments
11364	Transfer Receivables from the Local Government
113641	Transfer Receivables from Balancing Funds
113642	Transfer Receivables from Special Autonomy and Adjustment Funds
2	LIABILITIES
21	SHORT TERM LIABILITIES
211	SHORT TERM LIABILITIES
2112	Liabilities to the Third Party
21122	Outstanding Transfer Dues to the Local Government
211221	Transfer Dues of Outstanding Balancing Funds
211212	Transfer Dues of Outstanding Special Autonomy and Adjustment Funds
3	CURRENT EQUITY
31	CURRENT EQUITY
311	Current Equity
3113	Reserves for Receivables
31131	Reserves for Receivables
311311	Reserves for Receivables
3116	Funds that must be provided to pay Short-Term Liabilities
31161	Funds that must be provided to pay Short-Term Liabilities
311611	Funds that must be provided to pay Short-Term Liabilities
	INCOME GROUP
4239	Other Income
42391	Revenue from Reimbursed Expenditure from Last Year Budget
423915	Reimbursement from Local government transfers from Last Year Budget



ACCOUNT CODES IN THE ACCOUNTING SYSTEM FOR TRANSFERS TO THE LOCAL GOVERNMENTS

ACCOUNT	ACCOUNT DESCRIPTION
	TRANSFER TO THE LOCAL GOVERNMENT GROUP
6	TRANSFER TO THE LOCAL GOVERNMENT
61	Transfer of Balancing Fund
611	Transfer of Profit Sharing Funds
6111	Transfer of Profit Sharing from Tax
61111	Transfer of Profit Sharing from Personal Income Tax (DBH PPh)
611111	Transfer of DBH PPh of Article 21 to Province
611112	Transfer of DBH PPh of Article 21 to District/ City
611113	Transfer of DBH PPh of Article 25/29 of Personal Inc. Tax to Province
611114	Transfer of DBH PPh of Article 25/29 of Personal Inc. Tax to District/ City
61112	Transfer of Profit Sharing from the Proceeds of Land and Property Tax (DBH PBB)
611121	Transfer of DBH PBB to Province
611122	Transfer of DBH PBB to District/ City
611123	Transfer of DBH of the PBB Collection Fees to Province
611124	Transfer of DBH of the PBB Collection Fees to District/ City
611125	Transfer of the Central Government's share of DBH that is returned to the District/ City
61113	Transfer of Profit Sharing Fund from the Proceeds of Land and Property Title Fees (DBH BPHTB)
611131	Transfer of DBH BPHTB to Province
611132	Transfer of DBH BPHTB to District/ City
611133	Transfer of the Central Government share of DBH that is returned to the District/ City
6112	Transfer of Profit Sharing from the Proceeds of Natural Resources
61121	Transfer of Profit Sharing from the Proceeds of Oil & Gas Sector
611211	Transfer of DBH from Oil & Gas Sector to the Province
611212	Transfer of DBH from Oil & Gas Sector to Producing District/ City
611213	Transfer of DBH from Oil & Gas Sector to other District/ City
611214	Additional DBH Transfer from Oil & Gas sector for special autonomy
61122	Transfer of Profit Sharing from the Proceeds of Geo thermal Sector
611221	Transfer of DBH from Geo thermal Sector to Province
611222	Transfer of DBH from Geo thermal Sector to Producing District/ City
611223	Transfer of DBH from Geo thermal Sector to for other District/ City
611224	Additional DBH Transfer from Geo thermal Sector for special autonomy
61123	Transfer of Profit Sharing from the Proceeds from General Mining



ACCOUNT CODES IN THE ACCOUNTING SYSTEM FOR TRANSFERS TO THE LOCAL GOVERNMENTS

ACCOUNT	ACCOUNT DESCRIPTION
611231	Transfer of DBH from Fixed Contribution to Province
611232	Transfer of DBH from Fixed Contribution to District/ City
611233	Transfer of DBH royalty to Province
611234	Transfer of DBH royalty to Producing District/ City
6112315	Transfer of DBH royalty to other District/ City
61124	Transfer of Profit Sharing from the Proceeds of Geo thermal mining
611241	Transfer of DBH of Government's share to Province
611242	Transfer of DBH of Government's share to Producing District/ City
611243	Transfer of DBH of Government's share to other District/ City
611244	Transfer of DBH from Fixed and Production Contribution to Province
611245	Transfer of DBH from Fixed and Production Contribution to Producing City/ District
611246	Transfer of DBH from Fixed and Production Contribution to other District/ City
61125	Transfer of Profit sharing from the Proceeds of Forestry sector
611251	Transfer of DBH IIUPH/IHPH to Province
611252	Transfer of DBH IIUPH/IHPH to District/City
611253	Transfer of DBH PSDH to Province
611254	Transfer of DBH PSDH to Producing District/ City
611255	Transfer of DBH PSDH to other District/ City
611256	Transfer of DBH of Reforestation Funds to Producing District/ City
61125	Transfer of Profit Sharing from the Proceeds of Fishery Sector
611251	Transfer of DBH from fishery sector to District/City
612	Transfer of Block Grants (DAU)
6121	Transfer of Block Grants (DAU)
61211	Transfer of Block Grants (DAU)
612111	Transfer of DAU to Province
612112	Transfer of DAU to District/ City
613	Transfer of Special Grants (DAK)
6131	Transfer of Special Grants (DAK)
61311	Transfer of DAK
613112	Transfer of DAK to Province
613113	Transfer of DAK to District/ City



ACCOUNT CODES IN THE ACCOUNTING SYSTEM OF TRANSFERS TO THE LOCAL GOVERNMENTS

ACCOUNT	ACCOUNT DESCRIPTION
62	Transfer of the Special Autonomy and Adjustment Funds
621	Transfer of the Special Autonomy Funds
6211	Transfer of the Special Autonomy Funds
62111	Transfer of the Special Autonomy Funds
621111	Transfer of the Special Autonomy Funds to Papua
621112	Transfer of the Special Autonomy Funds to NAD
621113	Transfer of the Special Autonomy Funds for additional infrastructure to Papua
621114	Transfer of the Special Autonomy Funds to West Papua
621115	Transfer of the Special Autonomy Funds for additional Infrastructure to West Papua
622	Transfer of Adjustment Funds
6221	Transfer of Adjustment Funds
62211	Transfer of Adjustment Funds I
622111	Transfer of Adjustment Funds to Province
622112	Transfer of Adjustment Funds to District/ City
622119	Transfer of other Adjustment Funds
62212	Transfer of Adjustment Funds II
622121	Transfer of Fiscal Decentralization Reinforcement Funds and Acceleration of Regional Development
622122	Transfer of Funds to State-employee Teachers in the Region
622123	Transfer of Funds from the difference in the calculation of the Special Grant (DAK)
622124	Transfer of Funds from the difference in the calculation of the Adjustment for Road Infrastructure and Others (DPIL)

Notes:

Any addition/ correction to the codification and account description shall conform to the prevailing regulations on codification and account description.



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DISTRIBUTION MECHANISM OF TRANSFERS TO THE LOCAL GOVERNMENTS

A. SCOPE

Transfers to the Local governments consist of the Transfers of Balancing Funds and the Transfer of Special Autonomy and Adjustment Funds.

Transfers of Balancing Funds include:

- a. Transfers of Profit Sharing Funds from the Taxes;
- b. Transfers of Profit Sharing from the Excise on Tobacco Products;
- c. Transfers of Profit Sharing from the Proceeds of Natural Resources Sector;
- d. Transfers of the Block Grants;
- e. Transfers of the Special Grants.

Transfers of the Special Autonomy Funds include:

- a. Transfers of the Special Autonomy Funds;
- b. Transfers of the Adjustment Funds.

B. BUDGET ALLOCATION

The amount of transferred funds to the local governments in the APBN shall be described in detail in the Presidential Decree on the Details of the APBN, said allocation shall then be incorporated in the SA PSK Document by the Ministry of Finance *c.q.* the Directorate General of Budget.

C. COMPILATION AND ENDORSEMENT OF DIPA

With reference to the APBN, the Presidential Decree on the Details of the APBN and SA PSK, the Directorate General of Fiscal Balance shall allocate the budget into the DIPA. The DIPA for the transfers to the local government shall be signed by the Director General of Fiscal Balance on behalf of the Finance Minister. The DIPA is then submitted for endorsement by the Directorate General of Treasurer. The DIPA is the basis for executing the budget for the transfers to the Local Governments.



D. BUDGET IMPLEMENTATION (ISSUANCE OF SPM AND SP2D)

In implementing the Transfers to the Local government budget, the Directorate General of Fiscal Balance shall issue an SPM (Payment Order) as a transfer order from the State General Treasury Account to the Local Government General Treasury Account. The SPM is then submitted to the Director General of Treasury c.q the Director of State Treasurer Management.

Based on the SPM, the Directorate General of Treasurer shall issue an SP2D (Disbursement Order).

Next, the Director General of Fiscal Balance shall send a confirmation request for the disbursement of the transfer to the local government to each Head of Region. The local government shall respond to this confirmation request no later than five working days after receipt of the request.

With regard to the local government's share of the DBH PBB and DBH BPHTB transfer, the Director General of Fiscal Balance as the Agent of Budget User shall delegate part of its authority to the Agent of State General Treasurer (KPPN) to execute transfer order from the State's General Treasury account to the Region's General Treasury account. The delegation of authority is executed under the Order to Issue a General Power of Attorney (SPM SKU).

Based on the SPM SKU, the Agent of State General Treasurer (KPPN) shall issue a General Power of Attorney to the Operational Bank III to execute a transfer from the account of the State General Treasurer to the account of the Local Government General Treasurer.

The Governor, the Regional Office of the Director General of Tax and the Regional Office of the Director General of Treasurer shall reconcile the data on the realization of DBH PBB, DBH BPHTB and BP PBB for the region. The reconciled data is then recorded in the Official Report of Reconciliation. Then the Governor shall submit the data on the realization of DBH PBB, DBH BPHTB and BP PBB for the local government and the Official Report of Reconciliation to the Director General of Fiscal Balance.

Based on the realization of DBH PBB, DBH BPHTB and BP PBB for the local government and the Official Report of Reconciliation, the Director General of Fiscal Balance shall issue a Validation of SPM and deliver it to the Office of State Treasurer Service (KKPN) every three months.

Based on said Validation of SPM, the KPPN shall issue the Validation of SP2D.

E. THE MECHANISM FOR DISTRIBUTING THE TRANSFERS TO THE LOCAL GOVERNMENTS

E.1. Distributing DBH PBB and BDH BPHTB

- a. DBH PBB and DBH BPHTB distribution is based on the realization of PBB and BPHTB of the current budget year.
- b. The Local Government's Share of DBH PBB is distributed on a weekly basis.
- c. The Local Government's Share of DBH BPHTB is distributed on a weekly basis.
- d. The portion of the Local Government's Share of DBH PBB is distributed equally to all districts and cities and is done in three stages, in April, August and November of the current budget year.
- e. The portion of the Local Government's Share of DBH PBB is distributed as incentives to districts and cities where the realization of PBB for villages and cities in the previous budget reached or exceeded the target in the month of November of the current budget year.



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- f. The Local Government's share of DBH BPHTB is distributed equally to all districts and cities and is done in three stages, in April, August and November of the current budget year.
- g. The Local Government's Share of PBB Collection Fees is distributed on a monthly basis.

E.2. Distribution of DBH PPh

The DBH PPh WPOP DN and DBH PPh Article 21 is distributed based on the realization of the proceeds from DBH PPh WPOP DN and DBH PPh Article 21 of the current budget year.

The DBH PPh is distributed every three months.

If there is a surplus, due to the distributed funds for the first trimester to third trimester -which is based on the tentative calculation- is higher than the definitive distribution, then said excess shall be set off for the subsequent distribution in the following budget year.

E.3. Distribution of DBH SDA

Distribution of Profit Sharing from the Proceeds of Natural Resources (DBH SDA) is based on the realization of the proceeds from Natural Resources of the current budget year.

DBH SDA is distributed every three months.

DBH SDA is distributed based on the calculation from the reconciled data between the central government and the producing regions, except for DBH SDA in Fishery Sector.

E.4. Distribution of DAU

The Block Grant (DAU) is distributed on a monthly basis amounting to 1/12 (one twelfth) of the allocated unit for each region.

E.5. Distribution of DAK

The Special Grant (DAK) is distributed in three stages:

- Stage I : 30% (thirty percent) of the allocated DAK
- Stage II : 45 % (forty-five percent) of the allocated DAK
- Stage III : 25 % (twenty-five percent) of the allocated DAK

The DAK will be distributed in stages and not all at once.

E.6. Distribution of Special Autonomy Funds

The Special Autonomy Fund to Papua, West Papua and Aceh is distributed periodically in stages.

Additional Infrastructure Funds for Special Autonomy to Papua and West Papua is distributed periodically in stages.

E.7. Distribution Adjustment Funds

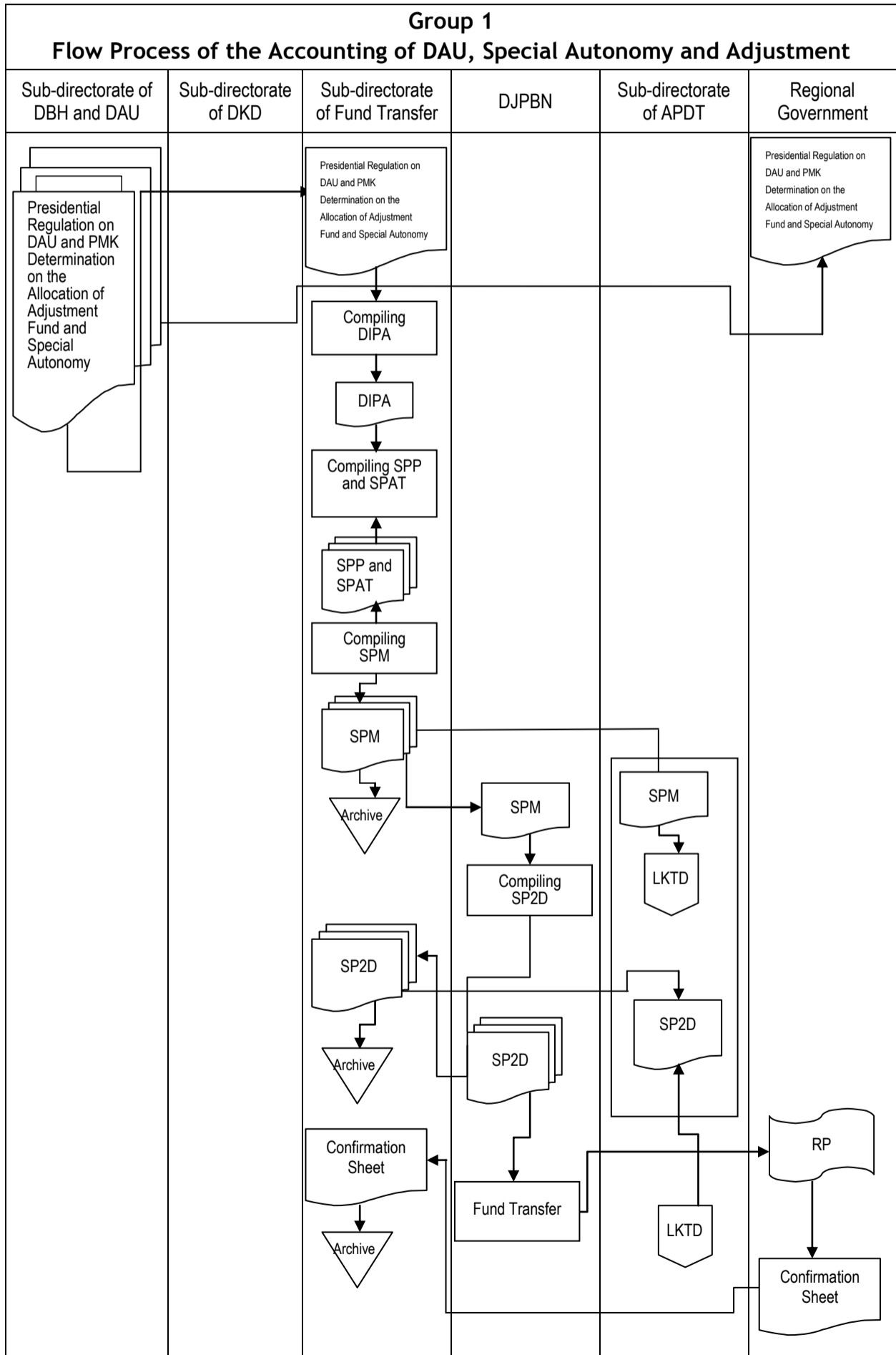
The Adjustment Funds is distributed according to the prevailing laws and regulations.



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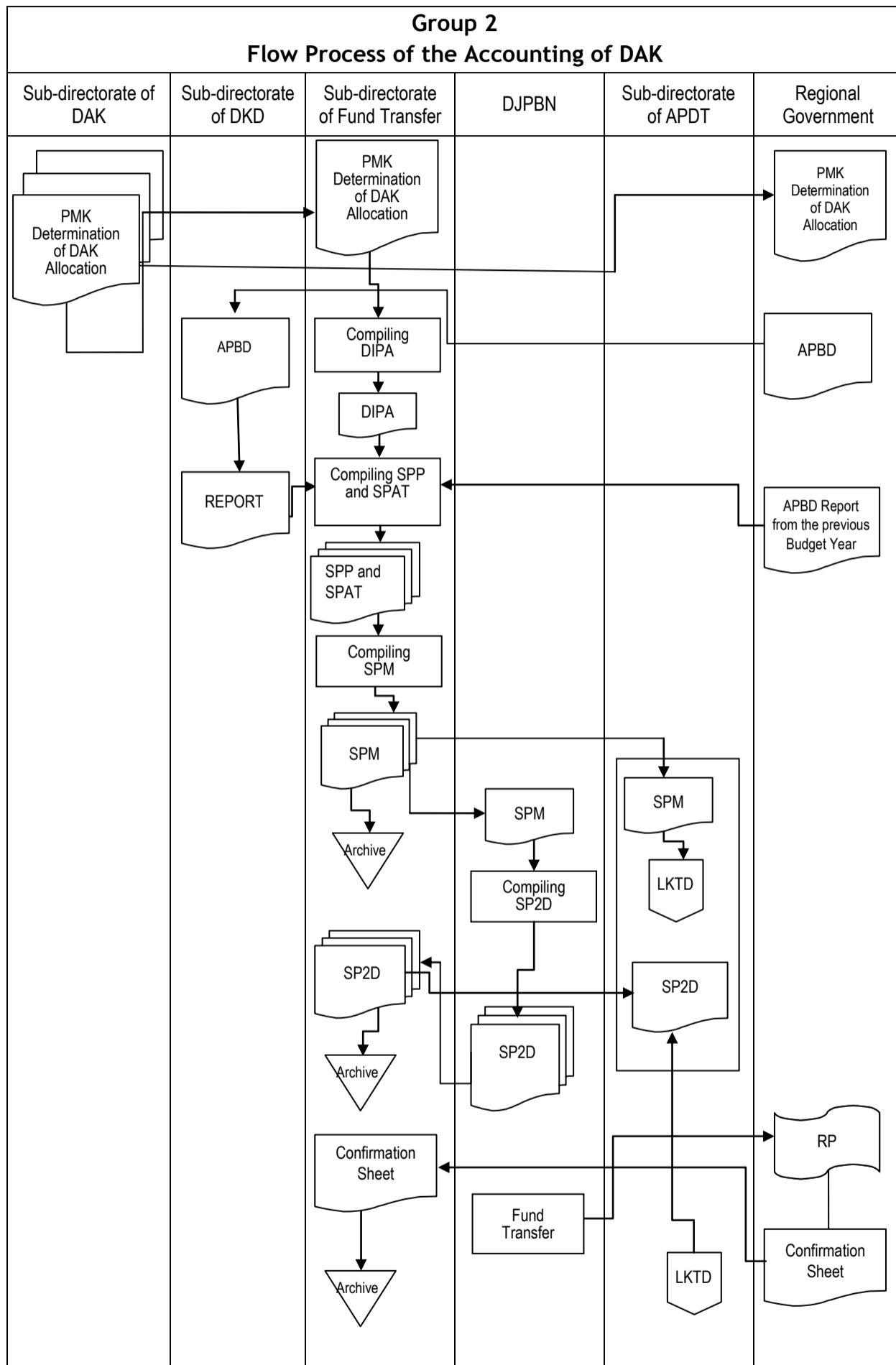
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**FLOW CHART OF DISBURSEMENT MECHANISM AND
FINANCIAL STATEMENT ACCOUNTING**



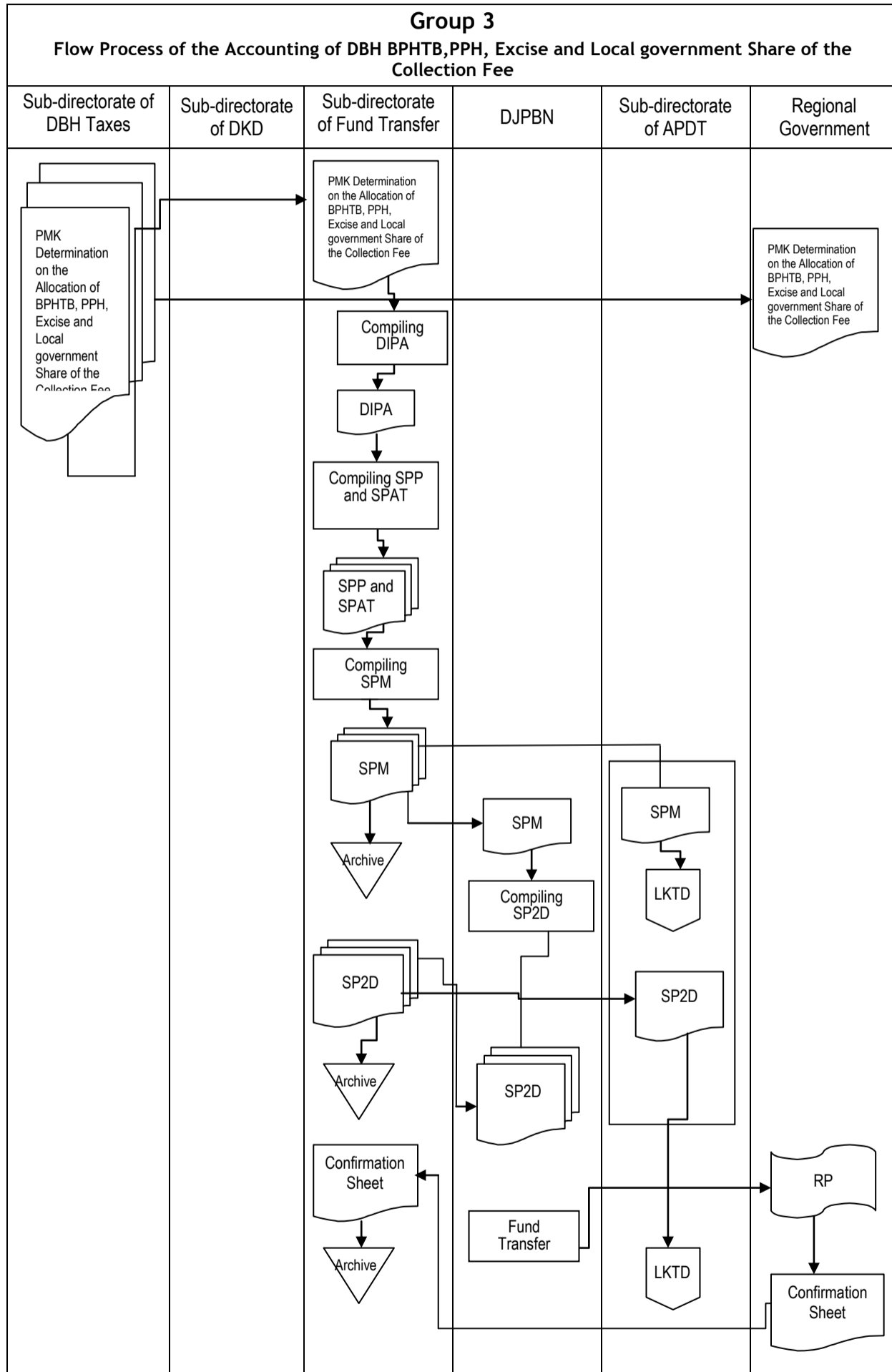


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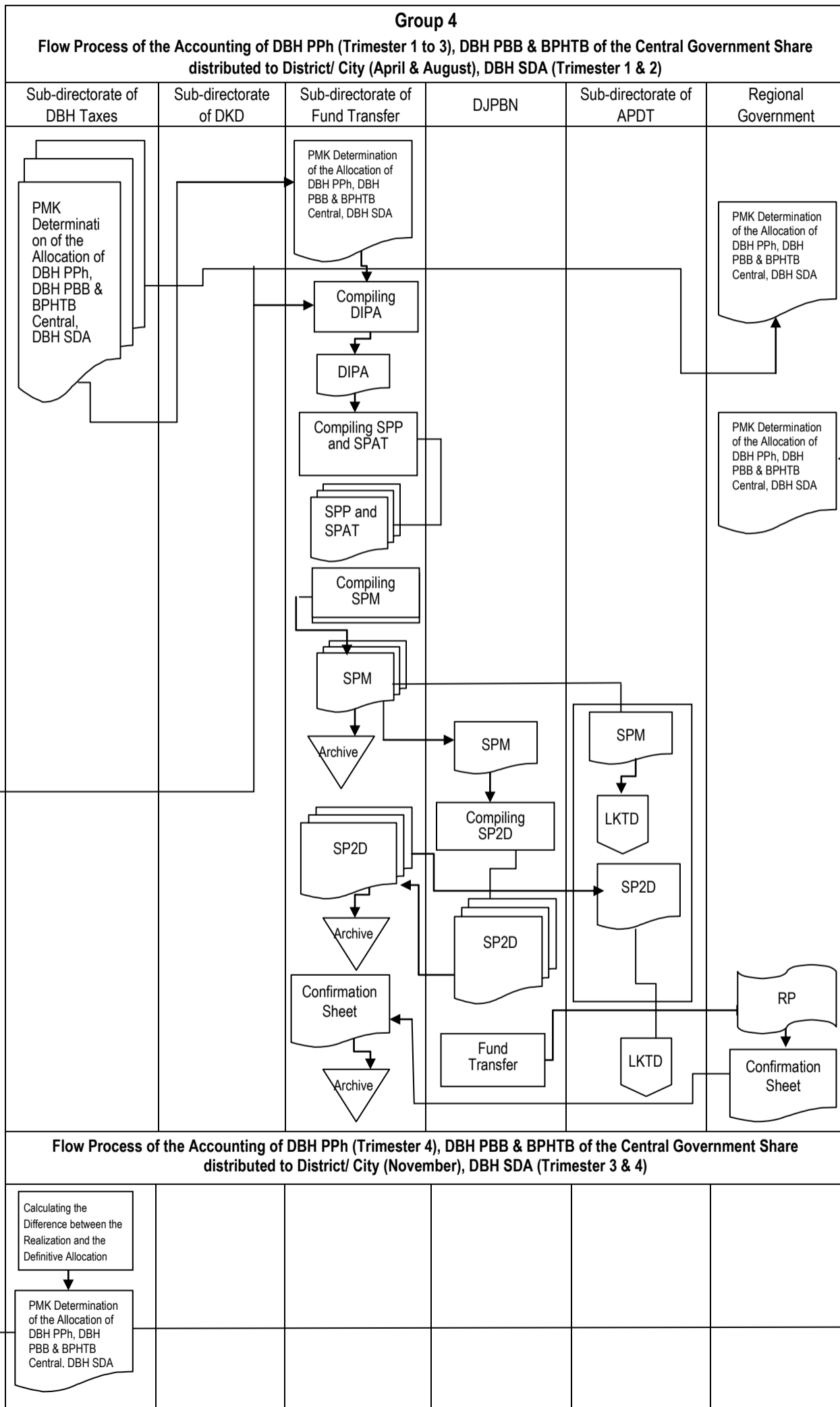
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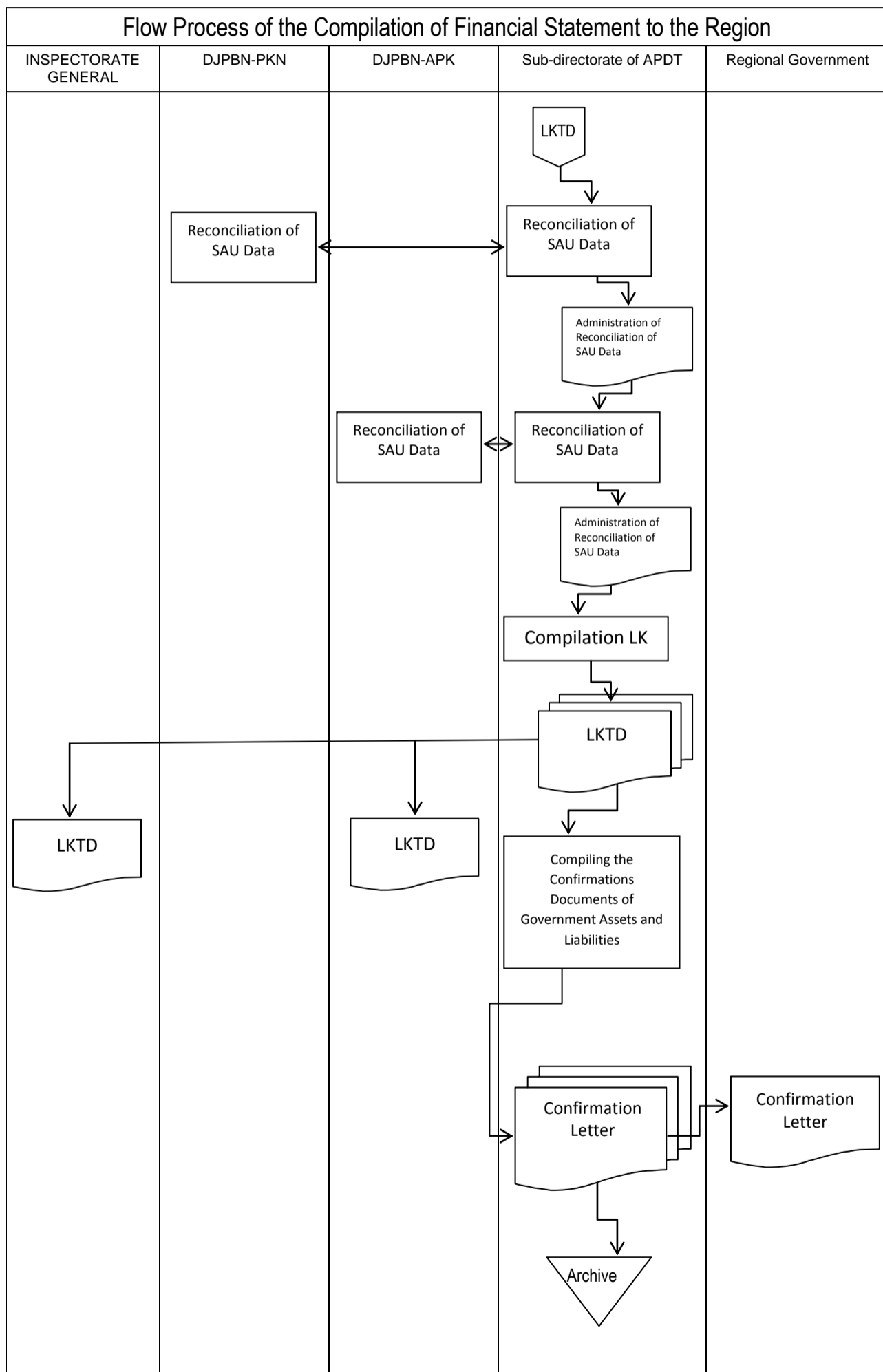
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SAMPLE OF REPORT FORMAT

1. BUDGET REALIZATION STATEMENT

BUDGET REALIZATION STATEMENT
FOR THE YEAR ENDING IN 31 DECEMBER 20XX
(IN RUPIAH)

STATE MINISTRY/ INSTITUTION: (999) STATE GENERAL TREASURER

REPORT CODE: LRAKT
DATE : XX/XX/XXXX
PAGE : XX
PROG.ID : XXXXXXXX

No.	DESCRIPTION	BUDGET	REALIZATION	OVER (UNDER) AMOUNT	% BUDGET REALIZATION
1	2	3	4	5	6
A.	STATE REVENUE AND GRANTS				
	1. Tax Revenue	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	2. Non-tax State Revenue	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	3. Grants	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	TOTAL REVENUE AND GRANT (A.1+A.2+A.3)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
B.	STATE EXPENDITURE				
	1. Personnel Expenditure	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	2. Goods Expenditure	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	3. Capital Expenditure	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	4. Interest Payment	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	5. Subsidies	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	6. Grants	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	7. Social Aid	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	8. Other Expenditures	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	TOTAL STATE EXPENDITURES (B.1+B.2+B.3+B.4+B.5+B.6+B.7+B.8)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
C.	TRANSFERS TO THE LOCAL GOVERNMENT				
	1. Balancing Funds	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	2. Special Autonomy and Adjustment Funds	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	TOTAL TRANSFER TO THE LOCAL GOVERNMENTS (C.1+C.2)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
D.	FINANCING				
	1. DOMESTIC FINANCING (NETT)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	a. Domestic Banks	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	b. Domestic Non Bank (Net)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	2. OVERSEAS FINANCING (NETT)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	a. Foreign Loans	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	b. Repayment of Principal of Foreign Debt (Net)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99
	TOTAL FINANCING (D.1+D.2)	999,999,999,999	999,999,999,999	999,999,999,999	99999.99



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2. BALANCE SHEET

BALANCE SHEET

PER 31 DECEMBER 20X1 AND 20X0

(in thousand)

ACCOUNT	ACCOUNT DESCRIPTION	20X1	20X0
XXXX	Transfer of Receivables	Xxxx	xxxx
	TOTAL ASSETS	Xxxx	xxxx
XXXX	Transfer Dues	Xxxx	xxxx
	TOTAL SHORT-TERM LIABILITIES		
XXXX	Long Term Debt	Xxxx	xxxx
	TOTAL LONG-TERM LIABILITIES		
	TOTAL LIABILITIES	xxxx	xxxx
3	FUND EQUITY		
31	CURRENT FUND EQUITY		
311	Current Fund Equity		
XXXX	Reserves for Receivables	Xxxx	xxxx
3116	Funds that must be provided to pay Short-Term Liabilities	Xxxx	xxxx
	Total of Current Fund Equity	Xxxx	xxxx
32	INVESTMENT FUND EQUITY		
321	INVESTMENT FUND EQUITY		
3214	Fund that must be provided to pay Long-Term Liabilities		
	Total of Investment Fund Equity	Xxxx	xxxx
	TOATL FUND EQUITY	xxxx	xxxx
	TOTAL LIABILITIES AND FUND EQUITY	xxxx	xxxx



STATEMENT OF RESPONSIBILITY OF THE AGENT OF BUDGET USER

Statement of Responsibility

The content of the Financial Statement of the line-unit ... as the UAKPA BUN for the Transfer to Local government consisting of (i) Realization Statement of the Transfer to the Local government (ii) Balance Sheet, and (iii) Notes to Financial Statement as enclosed are under my responsibility.

The aforementioned Financial Statement is prepared in compliance with the proper internal control system and provides reasonable information on budget implementation and financial position in accordance with the government accounting standard.

	Jakarta,
	Agent of Budget User,
	(-----)