

## Conference Paper

### Village Financial Performance Model in the Village of Wadung Asri, Waru Sub-District, Sidoarjo District

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#### Abstract

Reform of management of local or village finance after the Act No. 22 of 1999 and Law No 25 in 1999. As a concrete effort, the government issued a regulation on the Management and Accountability of regional finance. Wadung Asri is the best village in Sidoarjo in the financial management of village and district. Sidoarjo is an example of Successful Regional Autonomy in East Java. In this research, it is explained about Budget Realization Report of Wadung Asri village in 2015 to 2016 and how its performance from the report. Observing the village's original income (PAD), the village of Wadung Asri PADes is 7.78%. if using UGM standard then Wadung Asri village is not autonomous because it is still under 10% so Wadung Asri Village still rely on outside fund that is equal to 92,21% revenue from transfer. By 2015 in 2016, the original income of 6.94% actually decreased by the previous year. Fund from outside of the transfer of 93.05% is also larger than the previous year, thus the financial performance of the village in the village of Wadung Asri is not good. In fact, the budget deficit amounted to Rp 20,641,462.61 or 1.48% of the expenditures closed with the proceeds from the sale of village land.

**Keywords:** Deficit rates, outside funds, villages original income

#### INTRODUCTION

According to Khusaini (2006), the passing of Law no. 22 of 1999 on Regional Government and Law no. 25 of 1999 on Central and Regional Financial Balance is a big step awaited by the region. The issuance of this law is expected to become a basis for the acceleration and equity of economic growth in the regions, which so far considered as the imbalance in development between the central and regional. The law is further enhanced by the issuance of Law no. 32 of 2004 on Regional Government and Law no. 33 of 2004 on Fiscal Balance between Central Government and Local Government.

Khusaini (2006) stated that in accordance with Law no. 32 and 33 of 2004, the balance of central and regional finances in the term of the implementation of fiscal decentralization implies that the regions are authorized to use their own financial resources supported by the financial balance between central and regional governments. The transfer of these various powers shall be accompanied by the transfer and financing transfer. The most important source of financing is the source of financing known as the Original Regional Income (PAD), in which one. Khusaini (2006) said that the tax is basically the provision of property of the people, and or business entities to finance development activities undertaken by the state. Therefore, tax is one of the sources of state revenues levied by law.

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Khusaini (2006) states that local taxes are the taxes managed by local governments, both provincial and district/city that are useful to support the local revenue and the revenue is included in the budget. The central government has supported receipts for local governments through the distribution of central taxes to support development in the regions, including Land and Building Tax, Land and Building Acquisition Duties, Individual Income Tax and Income Tax. Article 21.

Khusaini (2006) states that the local tax laws have been amended. Legislation in the scope of local taxes, they are, law/UU No.11 in Year 1957 on General Regulations of Local Taxes, Law no. 18 of 1997 on Regional Tax and Levy. Then in 2009 the central government issued the Law no. 28 of 2009 on Regional Taxes and Regional Retributions to replace the Law no. 34 of 2000.

The era of autonomy since 25 years based on Law No. 22 of 1999 and Law no. 25 Year 1999 is decentralized and bottom up (Participative) Planning & Budgeting, performance based Budget, system book keeping pairs (Double entry bookkeeping and accounting modified). Reform of management of local or village finance is issued after the Act No. 22 of 199 and Law N0 25 in 1999. As a concrete effort, the government issued a regulation on the Management and Accountability of regional finance. Wadung Asri is the best village in Sidoarjo in the financial management of village and Sidoarjo district is an example of Successful Regional Autonomy in East Java. In this research, it is observed or explained about Budget Realization Report of Wadung Asri village in 2015 to 2016 and how its performance from the Report. Based on the background and reality of Wadung Asri village, then the formulation problem of this study is how to organize the village of Wadung Asri and how it works from the budget.

## METHOD

### *Definition of operational and measurement of variables*

In analyzing the parameters that will be investigated whether figuring out the potential of the region or the independence of the area, then the definitions of Operational Variables are as follows:

- a. Rural Original Income is the booming income of the village.
- b. Balancing Fund is revenue obtained from the government (regional, central).
- c. Village financing is all expenditure from the village.
- d. Difference between expenditure and receipts (Finding Surplus and Budget Deficit); All in rupiah

### *Type and data sources*

Data used in this study is secondary data, taken from a certain year. Data source was obtained from Wadung Asri sub-district office of Waru district, Sidoarjo regency.

### *Analysis technique*

In this analysis there are three kinds of Regional Self-Reliance Index, they are:

1. Ratio of Original Regional Income (PAD) to Total Revenue Area (TPD)
2. Ratio of balancing funds.
3. Financing of the regions/villages
4. Surplus/Budget deficit

## RESULT AND DISCUSSION

### *APBDs of Sidoarjo District*

**Table 1.** APBD of Sidoarjo Regency based on Admission 2014-2015 (000 IDR)

	Types Acceptance	2015	2016
A	Income Region	3.273.379.956	3.362.394.961
1	Pure Income Region	1.115.332.939	1.090.575.714
1.1	Region Tax	614.125.871.	656.653.999
1.2	Retribution Region	96.645.391	97.650.879
1.3	Results of region-owned Enterprise & Separate wealth management	30.401.392	29.067.000.
1.4	Other Pure Income Which is legitimate Balancing Fund	374.160.285	307.203.836
2	Balancing Fund	1.403.069.829	1.449.353.252
2.1	Taxes	114.776.910	132.723.256
2.2	Profit Share Not Tax/Natural Resources	30.404.407	75.311.497
2.3	General allocation funds	1.199,036.154	1.206.659.789
2.4	Special allocation funds	58.852.358	34.658.710
3	Other Income	754.977.188	822.465.995
B	Income Region	492.543.359	340.386.255
<b>Total Income</b>		<b>3.765.923.315</b>	<b>3.702.781.216</b>

BPS of East Java

#### Information

- PAD decreased by 29.60% in 2015 and 29.4% in 2016
- DAK decreased from 2014 by 37.26% to 12.12 in 2015
- Portancing area Decreases 25.01% in 2014 to 9.18% in 2016
- Other Legal pads down 13.06% in 2014 to 22.22%

From the description of PAD, Sidoarjo district amounted to 29.4% including the area that is quite autonomous in East Java Province.

#### *Wadung Asri Village*

Wadung asri village, which is located in Waru sub-district, is an area with industrial area where there are factories and offices which is the development of SIER, with a population of about 60,000 people with most of the tribe of Java 97% of Muslims work as entrepreneurs, labor, civil servants civilian and Indonesian National Army villages.

**Table 2.** APBD of Wadung Asri village year 2015-2016

Description	2015	2016
Village Income	1.130.890.325,61	1.366.950.084,39
Pure Village income	88.000.000,00	95.000.000,00
Company Income	40.000.000,00	
Other Income	48.000.000,00	
Transfer Income	1.042.890.325,61	1.271.953.084,39
Retribution Profit Sharing	39.588.509,12	
Village Shopping		
Village Government official	758.393.177,00	689.125.636,00
Office Operational	113.133.254,00	546.729.911,00
Community Coaching	31.745.550,00	78.226.500,00
Community Empowerment	44.169.000,00	73.512.500,00
Unpredictable expenses		
Shopping	1.025.483.410,00	1.387.594.547,00
Surplus/Deficit	4.670.000,00	(20.641.462,61)

From the table above, it shows that the budget and budget in Wadung Asri village in 2016 have budget deficit and the budget deficit is taken from the village cash result from the village naset such as village land result from the village land used for agriculture and fishery. This situation is not good for village members because the budget is taken from unproductive results. Thus, the budget in the urban village Wadung Asri jeopardizes the budget and if someday later the budget deficit for the budget will run out will lead to the stagnation in managing the budget.

#### Performance of finance of Wadung Asri

Considering the original income of the village (PADs), the village of Wadung Asri APDes is 7.78%. If using UGM standard then Wadung Asri village which is not autonomous because it is still under 10% so Wadung asri Village still rely on outside Fund that is equal to 92,21% revenue from transfer by 2015.

In 2016, the Original Income of 6.94% actually decreased by the previous year. And outside fund of the transfer of 93.05% is also larger than the previous year, thus the financial performance of the village in Wadung Asri village is not good. In fact, the budget Deficit amounted to Rp 20,641,462.61 or 1.48% of the expenditures closed with the proceeds from the sale of village land.

#### CONCLUSION

From the example of this research, the target area of research, that is the village of Wadung Asri, Waru sub-district of Sidoarjo regency is the lowest strata in the performance of village financial management, because the village is still dependent on the fund from the outside which is quite a lot of over 90% and the budget deficit transferred the funds from the sale of village land. The local government of Sidoarjo regency should foster the potential of the village so that the village finance funds can be maximally cultivated, so that the finance of the village could be independent.

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