

DETECTION FISCAL ILLUSION IN REGIONAL FINANCIAL PERFORMANCE DISTRICTS/PROVINCIAL CITY OF LAMPUNG

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ABSTRACT

The implementation of regional autonomy in Indonesia causing the occurrence of a shift in a system of local government. Regional financial and performance used to measure and see the regional capacity in carrying out regional autonomy. In annual budget, local government made manipulation against financial report so as to make local governments get central government transfer in large amount but not maximizing their own revenue and increasing expenditure.

This study aimed to detect of fiscal illusion in regional financial performance at 10 districts / provincial city of Lampung during the period 2007 – 2012. Fiscal illusion using two methods, revenue enhancement method and expenditure manipulation method.

The analysis obtained was that: 1) detected fiscal illusion in regional financial performance districts / provincial city of Lampung during the period 2007 – 2012 by using two methods of analysis; 2) revenue enhancement detect fiscal illusion by an negative impact on variable, the ratio of the ability of GDP to meet expenses, and the ratio of revenue used for expenditure to regional spending; 3) expenditure manipulation method detect the fiscal illusion by an positive impact on variable, the ratio of national revenue given the central to local government against the budget own revenue.

Keywords: Regional Autonomy, Fiscal Illusion, Regional Financial Performance .