

ABSTRACT

During the years 2007 - 2011, the portion of operating expenditure is 47.35% - 57.09% of total expenditure, while the share of capital expenditure at 5.97% - 10.52% and tends to fall. Total revenue receipts have been able to cover operating expenses with the average proportion of 140.13%. But when PAD is reduced by transfer expenditure / revenue sharing to counties / cities compared to operating expenses amounted to 100.64%, or PAD for 5 years receiving provinces were entitled only to cover operating expenses.

The aim of this research was to determine the feasibility of issuing municipal bonds to finance regional development and to simulate fiscal requirements calculation based on several assumptions of the value of the bond issuance and projections of DSCR.

The results show for the fiscal requirements such as BMP and DSCR are met, while the budget deficit requirements are met with the approval of the Minister of Finance. To the requirements of the Capital Market, meets the requirements of obtaining an unqualified opinion on the Financial Statements of Central Java Province, the establishment of the Team Preparation and guarantee payment of interest and principal of the bonds to maturity.

Compliance with the requirement for investment funding increases, the local development financing in the form of loan issuance of municipal bonds that can be considered a viable alternative.

Keywords: Municipal Bonds, Maximum Loan Limits, Debt Service Coverage Ratio, Budget Deficit, Capital Market Requirements.