

Financial Reporting Analysis To Measure The Financial Performance Of The Local Government Of Toba Regency

Sahala Purba¹, Rani Agustines Purba², Lucyanna Yosephine Simangunsong³, Nadia A.V.E Gultom⁴, Agnes Patricia R. Sinaga⁵
^{1,2,3,4,5}Universitas Methodist Indonesia
Email: *¹sahala824@gmail.com

Abstrak

Tujuan penelitian ini adalah untuk menguji kinerja keuangan pemerintah daerah dilihat dari 8 rasio keuangan pemerintah, data dianalisis secara deskriptif kuantitatif dengan subjek penelitian laporan keuangan Pemerintah Daerah Kabupaten Toba tahun 2020-2022. Teknik pengumpulan data yang dilakukan adalah teknik dokumentasi. Hasil penelitian menunjukkan kinerja keuangan pemerintah Kabupaten Toba sebagai berikut: (1) Rasio Kemandirian Keuangan, Rasio Ketergantungan Keuangan Daerah, dan Rasio Derajat Desentralisasi Fiskal menunjukkan hasil yang rendah sekali dengan nilai rerata sebesar 7,80%, 6,62%, dan 6,62%. (2) Rasio Efektivitas PAD dan Rasio Efektivitas Pajak Daerah menunjukkan hasil yang sangat efektif dengan nilai rerata sebesar 104,33% dan 111,68%. (3) Rasio Efisiensi PAD dan Rasio Efisiensi Pajak Daerah menunjukkan hasil yang sangat efisien dengan nilai rerata yang tinggi sebesar 98,47% dan 1,13%. (4) Rasio Derajat Kontribusi BUMD menunjukkan hasil yang cukup tinggi dengan nilai rerata 11,10%. Berdasarkan hasil analisis dapat dikatakan bahwa Kabupaten Toba belum cukup baik dalam pelaksanaan dan pengelolaan keuangan.

Kata Kunci: Analisis Laporan Keuangan, Kinerja Keuangan, Pemerintah Kabupaten.

Abstract

The purpose of this study is to examine the financial performance of local governments seen from 8 government financial ratios, the data is analyzed descriptively quantitatively with the subject of research on the financial statements of the Regional Government of Toba Regency for 2020-2022. The data collection technique carried out is a documentation technique. The results showed that the financial performance of the Toba Regency government as follows: (1) The Financial Independence Ratio, Regional Financial Dependence Ratio, and Fiscal Decentralization Degree Ratio showed very low results with average values of 7.80%, 6.62%, and 6.62%. (2) The PAD Effectiveness Ratio and Regional Tax Effectiveness Ratio showed very effective results with average values of 104.33% and 111.68%. (3) The PAD Efficiency Ratio and Regional Tax Efficiency Ratio showed very efficient results with high average values of 98.47% and 1.13%. (4) The ratio of BUMD Contribution Degrees shows quite high results with an average value of 11.10%. Based on the results of the analysis, it can be said that Toba Regency has not been good enough in financial implementation and management.

Keywords: Financial Statement Analysis, Financial Performance, District Government.

1. Introduction

Toba Regency is located in North Sumatra Province, with the capital Balige. Toba Regency with an area of up to 2,021.80 km², with 16 sub-districts, 13 kelurahan, and 231 villages, has two sub-districts. Tourism is one of the sectors that is highly relied on in national development because tourism can increase national income and regional income as well as state foreign exchange. Tourism also plays a role in creating jobs and reducing unemployment while creating community welfare. In supporting the tourism sector, participation from the community

and management is needed. The national tourism strategic area (KSPN) of Lake Toba has great potential to become a developing tourist destination. As one of the superpriority tourist destinations, the government continues to develop and build infrastructure in the Lake Toba area. In addition to attracting many tourists, this is also expected to have an impact on the welfare of the community and the sustainability of the surrounding environment. Therefore, the government makes Lake Toba as one of the tourist destination options that can be developed at the national or international level. Lake Toba is designated as one of the five priority tourist destinations in Indonesia. Toba Regency can be used as a tourist location with iconic buildings and art installations, which also affect the growth of MSMEs there. It can also be used to increase the potential of water sports, such as rowing, or socio-cultural activities. In 2023, Toba Regency has a great opportunity in the development of its tourist destinations, where there is a powerboat race event with the highest level in the world. This opportunity is one of the great advantages for Toba Regency in increasing regional income, both from tourism, and from hotels around Lake Toba. The government is also trying to encourage sustainable tourism management. Developing a tourism concept that can have a long-term impact on both the Toba area, the long-term impact can be on the environment, social, cultural, as well as economic for the present and future, this can be felt by the surrounding community and can even be felt by tourists who visit. Toba Regency was established based on Law No. 12 of 1998 concerning the Establishment of Toba Samosir Level II Regional Districts and Mandailing Natal Regency in North Sumatra Level I Province. In the past, this district was called Samosir, but a division was carried out from the Level II Region of North Tapanuli Regency. Furthermore, on March 3, 2020, Toba Samosir Regency changed its name in accordance with Government Regulation No. 14 of 2020 concerning the Change of Name of Toba Samosir Regency to Toba Regency in North Sumatra. With this change, the outskirts of Lake Toba, no longer have a regency called Toba Samosir Regency but Toba Regency and Samosir Regency. This is considered to make it easier for visitors to distinguish the two areas. Viewed from the point of view of culture and customs, the name change to Toba is also considered in accordance with the people living in Toba Regency, namely the Toba Holbung tribe, Harmonization of the mention of the occupied area called Toba and the community living in the region is considered appropriate to be Toba people. This expansion is expected to improve the government's financial performance. Financial performance is a description of the financial condition of an institution that is measured in certain ways by interpreting the figures in the financial statements as a basis for decision making in social, economic and political terms. In the implementation of Regional Autonomy, one aspect is management regional finance. Regional financial management is a regional program in the field of finance to achieve certain goals and objectives and realize development, governance and social community of villages autonomously. Village Fund Allocation is funds given to villages from the central government's financial balance fund and regions. The provision of village funds is a manifestation of the fulfillment of village rights to organizing its autonomy in order to grow and develop. The growth of the village based on participation, democratization, community empowerment. Role Village government must be improved in providing services and community welfare and accelerate the development and growth of strategic areas, so that can develop underdeveloped areas in a regional system village development. Financial ratio analysis is one way to assess how local governments are performing in carrying out regional financial management. There are 8 ratios of financial performance analysis (1) Regional Financial Independence Ratio, (2) Regional Financial Dependence Ratio, (3) Fiscal Decentralization Degree Ratio, (4) PAD Effectiveness Ratio, (5) PAD Efficiency Ratio, (6) Regional Tax Effectiveness Ratio, (7) Regional Tax Efficiency Ratio, (8) BUMD Contribution Degree Ratio. In the Toba Regency area, there are still several underdeveloped villages consisting of West Meranti Village in Silaen District, Sipabagu Village, and Liat Tondung Village in Habinsaran District. This village is categorized as a disadvantaged village because it has not been electrified. In the near future the Toba Regency Government will visit the forestry service to establish cooperation with the State Electricity Plant (PLN). This can be done after the issuance of a letter of approval for the use of a network of approximately 2.6 hectares, signed by the Director General of Forestry Planning and Environmental Management.

Similar to other districts, this district participates in implementing regional autonomy. Regional autonomy is an authority possessed by the Regional Government in managing all government affairs and community needs in line with laws and regulations. Law No. 33 of 2004 states that financial balance between regional and central governments in the implementation of regional autonomy requires regulation, distribution and equitable use of national resources as well as financial balance of central and regional governments. With the enactment of local government autonomy, the government is required to strive for independent government management by utilizing the resources owned and the purpose of their use is to improve the welfare and services of the local community. Autonomy within the framework of regional government, there needs to be greater attention to the unity of the constitutional system (Law of the Republic of Indonesia, 2004). A region is said to have implemented regional autonomy in terms of its ability to manage regional finances to fund the implementation of local governments with a small level of dependence, not dependent on transfer revenues from the central government. Kawasan Danau Toba memiliki potensi sumber daya alam (SDA) yang potensial dikembangkan meningkatkan pembangunan ekonomi dan kesejahteraan masyarakat. Toba Samosir Regency is one of the areas in the Lake Toba DTA area that has potential for the development of agropolitan agriculture. This region is very strategic with highland topography very suitable for the development of the agricultural sector, with the majority of the population depending on the agricultural sector, both food crops, horticulture and community plantations. Toba Regency is one of the rice and corn producing areas in North Sumatra Most of the population of Toba Regency depends on the agricultural sector, especially rice fields (Henry, 2022). In addition to rice and corn, Toba Regency's agricultural products are chili, onion, garlic, onion, cassava, andaliman, peanuts, vegetables and so on. In addition, for fruit plants that are quite potential in Toba Regency are mangoes, avocados, durians, bananas, oranges, and pineapples. When compared to other districts, rice production in Toba reaches 3.81% of all rice production in North Sumatra and is ranked eighth. Over the past 10 years (P & Statistik, 2023) noted that the unemployment rate in Toba Regency has never increased significantly compared to other districts in North Sumatra. The highest unemployment rate was at 3.47 in 2015. This also happens to the poverty rate in Toba Regency which has never been at the highest level compared to other districts. The highest poverty rate in Toba Regency is at 10.21 percent. (P & Statistics, 2023). With a fairly low unemployment and poverty rate, Toba Regency should be able to avoid high crime rates. Crime is an act committed by an individual or group and violates the rules and disturbs the surrounding community for example stealing, robbery, drugs etc. Based on the data obtained, Toba Regency recorded a higher crime rate than several other districts in North Sumatra. (H. Susanto, 2019) stated that financial performance measurement is not how local governments can utilize budgets, but how budgets can be managed according to predetermined plans in accordance with the principles of effective, efficient and cost-effective budgeting. In accordance with Law No. 32 of 2004, the effectiveness and efficiency of local governments must observe aspects related to the structure of local government and government, regional potential and diversity, opportunities and challenges of global competition, granting authority to wider regions, and rights and obligations granting regional power. Local Original Revenue is all revenues obtained from sources such as local taxes, levies, and other revenues. PAD is one proof that local governments are able to optimize the utilization of their regional wealth. An area that has a large PAD can certainly prove that it is independent and the level of dependence on the central government will be minimal. Local original revenue (PAD) must contribute more and more in funding its own implementation. Regional original revenue (PAD) is a factor that has a strong influence on the regional budget (APBD). The management of PAD, which has not been optimal in the implementation of regional autonomy, is an obstacle in realizing regional independence. This also indicates that local governments are still very dependent on transfer funds provided by the central government. The dependence of a region will have an impact on the implementation of regional autonomy in supporting the level of community welfare. The greater the local original income (PAD), it will affect the level of dependence of a region will decrease (Pradana, 2015).

Table 1. Comparison of PAD with Regional Dependence

Year		PAD	Regional Dependencies
2020	Rp	57.403.162.933	5,70%
2021	Rp	75.305.397.700	6,98%
2022	Rp	73.220.848.674	7,17%

Source: (Badan pemeriksa keuangan sumatera utara (BPK), 2024)

Based on the table above, the Regional Original Revenue (PAD) of Toba Regency in 2020-2022 tends to increase. This shows that the ability of regions to generate their own revenues is getting bigger and should be able to minimize their dependence on transfer revenues from the central government. However, this level does not occur in the level of dependence on the Toba Regency area, because it increases every year starting from 2020 by 5.70%, increasing in 2021 to 6.98%, then in 2022 to 7.17%.

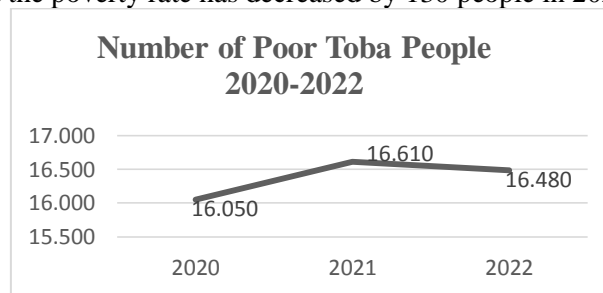
Table 2. Comparison of APBD with Poverty Rate

Year	APBD	Poverty rate
2020	Rp995.712.384.095	16.050
2021	Rp1.067.373.105.593	16.610
2022	Rp1.071.439.678.433	16.480

Source : (Badan pemeriksa keuangan sumatera utara (BPK), 2024)

The ability of local governments to manage finances is summarized in the Regional Budget (APBD) which shows how well local governments perform in funding all development activities. APBD is the main policy tool of local governments. As a policy tool and occupying a core position, the budget must contain performance, both in internal assessments and engagement in advancing economic growth. This will certainly affect poverty and unemployment in the region itself, namely reducing unemployment and poverty (Nurdiwaty & Zaman, 2016).

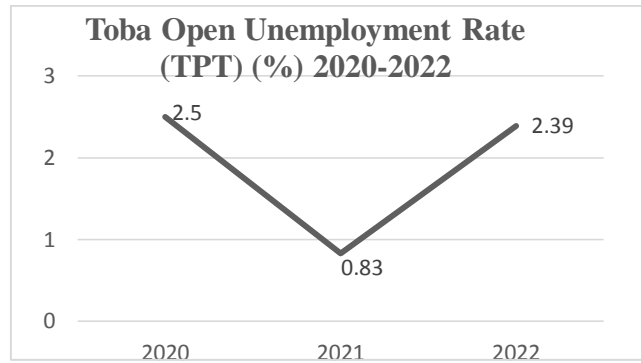
Based on the table above, the Toba Regency Regional Budget for 2020-2022 shows an increase every year, but the poverty rate has decreased by 130 people in 2022.



Source : (Badan pemeriksa keuangan sumatera utara (BPK), 2024)

Figure 1. Number of Poor Toba People 2020-2022

Poverty is considered as the financial inability to meet basic food and non-food needs as measured in terms of expenditure. Or in other words, poverty is a condition where people are unable to meet their basic needs, clothing and daily food. The following figure shows a comparison of the number of poor people in Toba Regency in 2020-2022. It can be seen in the picture above, that the number of poor people in 2021 increased by 560 people from the previous year, then decreased again in 2022 by 130 people.



Source : (Badan pemeriksa keuangan sumatera utara (BPK), 2024)

Figure 2. Toba Open Unemployment Rate 2020-2022

The open unemployment rate (TPT) is the ratio of total unemployment to the total labor force. The following figure shows a comparison of TPT Toba Regency in 2020-2022. It can be seen in the picture that the TPT of Toba Regency in 2020-2022 shows a fluctuating value, where in 2021 it decreased from 2020 by 1.56% and then in 2022 it increased by 1.67%.

The financial independence of the majority of regions in funding activities in their own regions is still relatively low. The low involvement of the community in paying local taxes and levies, which are among the main aspects affecting PAD, has resulted in many regional stakeholders demanding operational cost support from the central government. Research on the financial performance of local governments is in accordance with (Rahmawati & Warsitasari, 2023), (Alfiani, 2024), and (Nugraeni et al., 2022) which states that the level of independence is still very low, but it is different from research (Melmambessy, 2022) which states that the level of financial independence is still relatively moderate.

The financial dependence of most regions on the majority central government is still high. Local stakeholders argue that if there is no funding, they can turn to the central government, so they are not willing to work too hard. As a result, the local government is reducing its efforts to increase local revenues and will not provide funding to stakeholders unless the PAD increases. This lack of funds makes regional finances very expensive. Because of its dependence on the center, the state's responsibility for the APBN and APBD is getting bigger. This is in line with research (Melmambessy, 2022) and (Hafizi & Amalia, 2022) which states that the level of dependence is still very high on the central government, in contrast to (Vitalis Ari Widiyaningsih, 2021) which states that dependence on the central government has improved.

Based on all the problems described above, the author is interested in conducting research on "Financial reporting analysis to assess the financial performance of the Toba Regency Regional Government" to find out how the financial performance of the Toba Regency Regional Government and its influence on the welfare of its people, and can be used as a consideration and reference for further observations on the performance of local governments for the next period.

Literature review

Regional Financial Independence Ratio

This ratio measures how independent a regional finances are in relation to the amount of PAD and subsequently compared to regional revenues derived from other sources (Ramadhani et al., 2020). A region can be said to be independent if it is able to finance its own development and implementation activities without requiring financing from the central government. The higher the ratio, the greater the community's contribution in increasing PAD in their area to finance the development of regional autonomy. Here is the calculation formula:

$$Independent\ Ratio = \frac{Realization\ of\ Total\ Regional\ Revenue}{Total\ Transfer\ Revenue} \times 100\%$$

Benchmarks

Levels	Monetary Capacity	Relationship Patterns
0-25%	Very low	Instructive
25-50%	Very low	Constructive
50-75%	Keep	Parchival
75-100%	Tall	Delegative

Source : (Halim, 2012)

Regional Financial Dependency Ratio

The Regional Financial Dependency Ratio is a ratio reflecting the magnitude of the comparison between the central government's regional transfer revenue receipts and local original revenue receipts. The higher the ratio, the greater the dependence of local governments on the central government. Here is the calculation formula:

$$Dependency Ratio = \frac{Total Transfer Revenue}{Total Regional Revenue} \times 100\%$$

Benchmarks	
Dependency	Monetary Capacity
0-25%	Very low
25-50%	Low
50-75%	Keep
75-100%	Tall

Source : (Mahmudi, 2016)

Fiscal Decentralization Degree Ratio

This ratio reflects the ability of local governments to control and optimize PAD when funding development in the area. This ratio is one of the ratios that describes the interference, authority, and responsibility of the central government in achieving regional autonomy. The higher the involvement of PAD, the greater the performance of local governments in realizing decentralization. Here is the calculation formula:

$$Decentralization Degree Ratio = \frac{Total Regional Original Revenue}{Total Regional Revenue} \times 100\%$$

Benchmarks	
Levels	Information
0-10%	Very low
10-30%	Low
31-40%	Enough
41-50%	Tall
>50%	Very high

Source : (B. & Susanto, 2010)

PAD Effectiveness Ratio

Effectiveness is a measure of the success of an organization in an effort to achieve organizational goals that have been set / determined. The PAD Effectiveness Ratio is a ratio that measures the performance of local governments in realizing the targeted PAD and then compared with the approved targets according to the PAD (Amal & Wibowo, 2022). The PAD Effectiveness Ratio shows how effective the local government is in realizing the established PAD. The greater the ratio, the more effective the government's performance in managing PAD. Here is the calculation formula:

$$PAD Effectiveness Ratio = \frac{Total Realization of Local Original Revenue}{Total Local Original Revenue Budget} \times 100\%$$

Benchmarks	
Effectiveness Rate	Monetary Capacity
>100%	Highly effective

100%	Effective
90-99%	Quite effective
75-89%	Less effective
<75%	Ineffective

Source : (Mahmudi, 2016)

PAD Efficiency Ratio

Efficiency is an effort made to achieve goals by minimizing the resources used. The PAD Efficiency Ratio is a ratio that shows the comparison between the amount of costs spent by the government and the realization of revenue received. Local government performance is classified as efficient if the ratio obtained is below 10% (Amal & Wibowo, 2022). The smaller this ratio, the more efficient the government's performance in managing PAD, and vice versa. Here is the calculation formula:

$$PAD\ Efficiency\ PAD = \frac{PAD\ Acquisition\ Costs}{PAD\ Realization} \times 100\%$$

Benchmarks	
Efficiency Level	Monetary Capacity
<10%	Highly efficient
10-20%	Efficient
21-30%	Quite efficient
31-40%	Less efficient
>40%	Inefficient

Source : (Halim, 2012)

Local Tax Effectiveness Ratio

Local tax is an indicator of how well the local government is able to implement the specified local tax compared to the target set according to its actual capacity. The local tax effectiveness ratio is a ratio that can be measured by comparing between the realization of local taxes and local taxes. The higher this number, the better the local government's tax management. The calculation formula is as follows:

$$Local\ Tax\ Effectiveness\ Ratio = \frac{Local\ Tax\ Realization}{Local\ Tax} \times 100\%$$

Benchmarks	
Efficient Level	Monetary Capacity
>100%	Highly effective
100%	Effective
90-99%	Quite effective
75-89%	Less effective
<75%	Ineffective

Source : (Mahmudi, 2016)

Local Tax Efficiency Ratio

Efficiency is defined as actions that minimize losses or waste of resources in carrying out or producing something. The Regional Tax Efficiency Ratio is a ratio that shows the comparison of local tax collection costs with local tax realization. The performance of local governments in collecting local taxes is classified as efficient if <10% or the lower this ratio, the higher the efficiency. Here is the calculation formula:

$$Local\ Tax\ Efficiency\ Ratio = \frac{Local\ Tax\ Collection\ Fees}{Local\ Tax\ Realization} \times 100\%$$

Benchmarks	
Efficiency	Monetary capacity

<10%	Highly efficient
10-20%	Efficient
21-30%	Quite efficient
31-40%	Less efficient
>40%	Inefficient

Source : (Mahsun, 2019)

BUMD Contribution Degree Ratio

Regional Owned Enterprises (BUMD) are companies established and owned by local governments (Pemda) with most of their capital or entirely coming from local governments. The BUMD contribution degree ratio is a ratio that measures the extent of the contribution of local companies in supporting regional revenues. This ratio can be measured by comparing regional revenues based on the results of regional wealth management separated from total local original revenue receipts. Here is the calculation formula:

$$\text{BUMD Contribution Degree Ratio} = \frac{\text{BUMD Profit}}{\text{PAD Realization}} \times 100\%$$

2. Research Methods

The data analysis carried out in this study is an analysis of financial ratios with the subject of research, namely the 2020-2022 Local Government financial statements, after parting ways with Samosir in 2020. Data collection techniques are documentation techniques. Furthermore, analyze the financial statements and calculate the existing ratios, and will be explained with supporting sentences and pictures to clarify the existing information. The ratios used in this study are Regional Financial Independence Ratio, Regional Financial Dependence Ratio, Fiscal Decentralization Degree Ratio, PAD Effectiveness Ratio, PAD Efficiency Ratio, Regional Tax Effectiveness Ratio, PAD Efficiency Ratio, Regional Tax Efficiency Ratio, and BUMD Contribution Degree Ratio. The data used in this study is the financial statements of the Toba Regency Regional Government for 2020-2022. The data used in this study is the financial statements of the local government of Toba Regency for 2020-2022.

3. Results and Discussion

Government Self-Reliance Ratio

To be able to calculate this ratio, it can be measured by comparing the realization of total PAD with local government transfer revenue. Through the existing formula, the following are the results of the calculation of the independence ratio of the Toba Regency government for 2020-2022:

$$\begin{aligned} 2020 &= \frac{57.403.162.933,28}{732.232.369.687,00} \times 100\% = 7,83 \% \\ 2021 &= \frac{75.305.397.700,12}{967.354.006.117,00} \times 100\% = 7,78 \% \\ 2022 &= \frac{73.220.848.673,93}{939.743.251.146,00} \times 100\% = 7,79 \% \end{aligned}$$

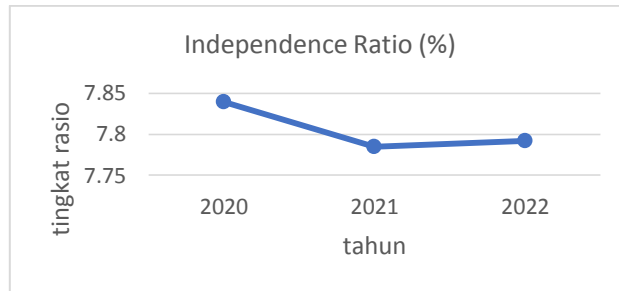


Figure 3. Toba Regency Independence Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that the percentage of independence of Toba Regency has decreased, starting from 2020 by 7.83%, then decreased in 2021 to 7.78%, then in 2022 it increased again to 7.79%. With an average of 7.80%, the level of independence of Toba Regency is still in the very low category, because PAD has not been able to dominate government administration and regional development.

Financial Dependency Ratio

To be able to calculate this ratio, it can be measured by comparing total transfer income with regional income. Through the existing formula, here are the calculation results in 2020-2022:

$$2020 = \frac{57.403.162.933,28}{1.006.299.214.620,28} \times 100\% = 5,70 \%$$

$$2021 = \frac{75.305.397.700,12}{1.078.273.724.817,12} \times 100\% = 6,98 \%$$

$$2022 = \frac{73.220.848.673,93}{1.020.022.554.853,33} \times 100\% = 7,17 \%$$

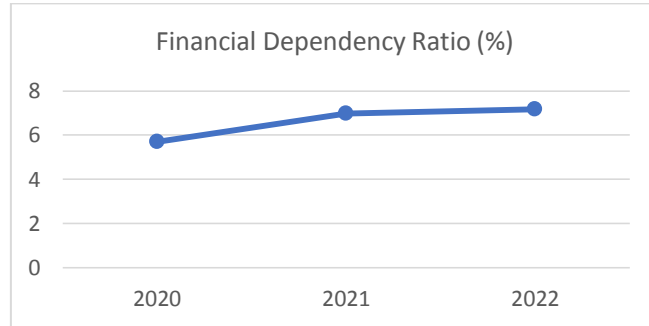


Figure 4. Toba Regency Dependency Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that the percentage of this ratio has increased significantly every year, in 2020 it was 5.70%, increased in the following year 2021 to 6.98%, then increased again in 2022 by 7.17%. The dependence of Toba Regency has an average of 6.62% and is still in the very low category.

Fiscal Decentralization Degree Ratio

To be able to calculate this ratio, it can be calculated by comparing the total PAD with regional income. Through the existing formula, the following are the results of calculating the ratio of degrees of decentralization of the Toba Regency government in 2020-2022:

$$2020 = \frac{57.403.162.933,28}{1.006.299.214.620,28} \times 100\% = 5,70 \%$$

$$2021 = \frac{75.305.397.700,12}{1.078.273.724.817,12} \times 100\% = 6,98 \%$$

$$2022 = \frac{73.220.848.673,93}{1.020.022.554.853,33} \times 100\% = 7,17 \%$$

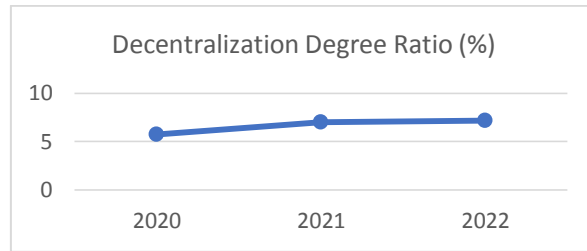


Figure 5. Toba Regency Decentralization Degree Ratio 2020-2022.

Based on the data presented in the graph above, it shows that the percentage of decentralization degrees of Toba Regency has increased, starting from 2020 by 5.70%, increasing in the following year 2021 to 6.98%, then increasing again in 2022 to 7.17%. With an average of 6.62%, this ratio is still included in the very low category. This situation indicates that the level of decentralization of Toba Regency has not been able to finance the implementation of local government.

PAD Effectiveness Ratio

To be able to calculate this ratio, it can be measured by comparing the total realization of PAD and PAD budget. Through the existing formula, the following are the results of the calculation of the effectiveness ratio of the Toba Regency government's PAD for 2020-2022:

$$2020 = \frac{57.403.162.933,28}{52.913.544.673,00} \times 100\% = 108,48 \%$$

$$2021 = \frac{75.305.397.700,12}{72.915.222.200,00} \times 100\% = 103,27\%$$

$$2022 = \frac{73.220.848.673,93}{72.327.296.214,00} \times 100\% = 101,23 \%$$

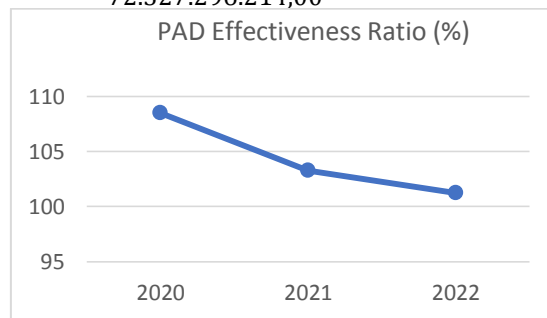


Figure 6. Toba Regency PAD Effectiveness Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that this ratio has decreased every year, starting from 2020 by 108.48%, then decreased in the following year 2021 by 103.27%, and in 2022 decreased to 101.23%. The effectiveness of Toba Regency has an average of 104.33%. Despite experiencing a significant decrease every year, the effectiveness of Toba Regency is still in a very effective category. This situation shows that the Toba Regency government has been effective in managing its finances, it can be seen from the amount of realization greater than the PAD budget target.

PAD Efficiency Ratio

To be able to calculate this ratio, it can be measured comparing the cost of obtaining PAD with the realization of PAD. Through the existing formula, the following are the results of the calculation of the Toba Regency government's PAD efficiency ratio for 2020-2022:

$$2020 = \frac{1.017.936.010,00}{34.522.700.048,00} \times 100\% = 2,94\%$$

$$2021 = \frac{193.369.210,00}{42.644.001.225,00} \times 100\% = 0,45\%$$

$$2022 = \frac{113.345.734,00}{46.064.973.168,10} \times 100\% = 0,24\%$$

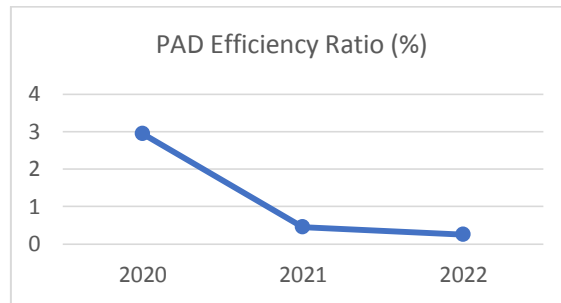


Figure 7. Toba Regency PAD Efficiency Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that this ratio decreases every year with an average of 1.21%. The Efficiency Ratio of Toba Regency PAD is classified as very efficient because the ratio value is quite low. This means that the financial performance of the Toba Regency government is very efficient in managing PAD to finance expenditures and is able to reduce total regional expenditures.

Local Tax Effectiveness Ratio

To be able to calculate this ratio, it can be measured by comparing the realization of local taxes with regional taxes. Through the existing formula, the following are the results of the calculation of the Toba Regency government's regional tax effectiveness ratio for 2020-2022:

$$2020 = \frac{22.095.458.949,54}{18.793.500.000,00} \times 100\% = 117,56\%$$

$$2021 = \frac{33.395.690.381,56}{27.010.000.000,00} \times 100\% = 123,64\%$$

$$2022 = \frac{41.222.547.398,13}{43.926.896.000,00} \times 100\% = 93,84\%$$

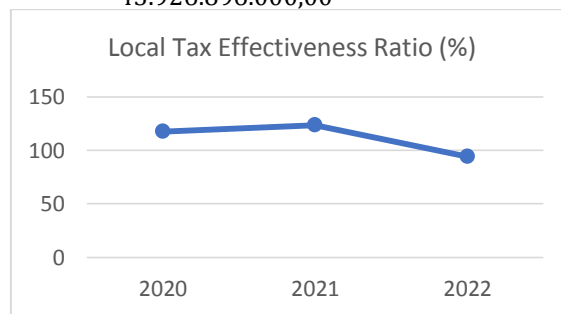


Figure 8. Toba Regency Regional Tax Effectiveness Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that the ratio of local tax effectiveness of Toba Regency is the highest in 2021 at 123.64%, and the lowest in 2022 at 93.84%. With an average of 111.68%, this ratio shows how well the local government has achieved the previously planned PAD by implementing the targets that have been set according to their true potential. However, this ratio is still classified as very effective.

Local Tax Efficiency Ratio

To be able to calculate this ratio, it can be measured by a comparison between the cost of collecting local taxes and the realization of local taxes. Through the existing formula, the following are the results of the calculation of the Toba Regency government's regional tax efficiency ratio for 2020-2022:

$$2020 = \frac{572.936.010,00}{22.095.458.949,54} \times 100\% = 2,59\%$$

$$2021 = \frac{183.475.000,00}{33.395.690.381,56} \times 100\% = 0,54\%$$

$$2022 = \frac{102.791.910,00}{41.222.547.398,13} \times 100\% = 0,24\%$$

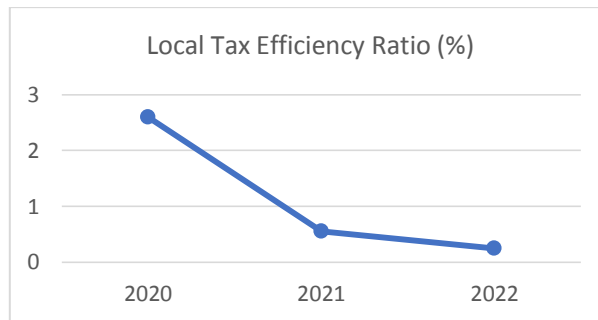


Figure 9. Toba Regency Regional Tax Efficiency Ratio for 2020-2022.

In 2020-2022, this ratio has decreased every year, namely in 2020 by 2.59%, then in 2021 it decreased quite significantly to 0.54%, then in 2022 to 0.24%. With an average value of 1.13%, it shows that the efficiency level of Toba Regency is classified as very efficient.

BUMD Contribution Degree Ratio

To be able to calculate this ratio, it can be measured by a comparison between BUMD profit and PAD realization. Through the existing formula, the following is the result of calculating the ratio of the degree of contribution of BUMD of the Toba Regency government for 2020-2022:

$$2020 = \frac{6.050.089.714,00}{57.403.162.933,28} \times 100\% = 10,53\%$$

$$2021 = \frac{8.403.651.368,00}{75.305.397.700,12} \times 100\% = 11,15\%$$

$$2022 = \frac{8.508.877.255,00}{73.220.848.673,93} \times 100\% = 11,62\%$$

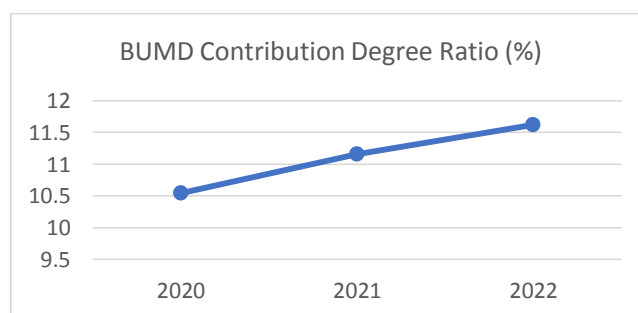


Figure 10. Toba Regency BUMD Contribution Degree Ratio for 2020-2022.

Based on the data presented in the graph above, it shows that the ratio of BUMD contribution degrees always increases every year, the highest figure is in 2022 at 11.62% and the lowest in 2020 at 10.53%. The average ratio was 11.1%. This ratio shows how much involvement regional companies have in supporting their regional revenues. This ratio belongs to a fairly high category.

Discussion

Based on the results of research conducted using 8 existing ratios, the weakness of Toba Regency is in terms of very low independence with an average of 7.80% due to the lack of community participation in tax payments or regional levies which causes local original income (PAD) has not been able to cover regional development needs. This also causes the level of

dependence on the central government of Toba Regency to increase every year, although the total PAD tends to increase. The results of this study are different from research (Wasil et al., 2020) which states that the greater the PAD, the greater the level of financial independence of local governments. This is also different from research (Pradana, 2015) which states that the larger the PAD, the smaller the level of dependence of local governments.

The ratio of the degree of decentralization of Toba Regency shows a fairly low figure of 6.62%. With the opportunities described in the background above, the level of decentralization of Toba Regency should be realized even better through increasing PAD. The higher the PAD, the greater the opportunity for local governments to implement regional autonomy (Bisma & Susanto, 2010).

In regional financial management, Toba Regency has been very effective because the ratio results show a figure of >100% and is very efficient with a ratio of < 10%. This shows that the ability of local governments has been effective in achieving the PAD target and efficient in reducing the amount of regional spending using PAD. The research results are in line with research (Siswanto & Maylani, 2022).

The ratio of PAD effectiveness and regional tax efficiency has shown an effective and efficient ratio because the average effectiveness of local taxes reaches > 100% and regional tax efficiency < 10%. This indicates that the costs used by local governments in collecting local taxes are quite minimal compared to the local taxes received. Local tax is one of the elements that contribute to PAD. Higher local taxes allow PAD to increase. However, the success of this local tax did not have enough effect on the PAD rate. This is different from (Yoduke & Ayem, 2016) which states that the government's efforts to increase PAD one of them depends on local taxes and regional levies themselves.

The ratio of the Degree of Contribution of BUMD Toba Regency in 2020-2022 shows an average value of 11.10%, so it can be concluded that the level of BUMD contribution is quite high in helping PAD. The purpose of establishing BUMD is to create jobs and economic growth so as to reduce unemployment in the area. This means that if the contribution of BUMD increases, the unemployment rate will decrease. However, this is different from data obtained from BPK SUMUT which noted that the unemployment rate of Toba Regency in 2021-2022 increased from 0.83 to 2.39% with the contribution rate of BUMD 2021-2022 increasing by 0.47%, this phenomenon is not in line with the purpose of establishing BUMD.

Based on the financial statements of Toba Regency for 2020-2022, the Regional Budget (APBD) increases every year. This can certainly expand the scope and help reduce the poverty level of an area, but not Toba Regency. It is noted that in Toba Regency the poverty rate is still increasing even though the regional budget has been increased. This is different from research (Nurdiwaty & Zaman, 2016) which states that the APBD can be used as a lifter to reduce the poverty level of an area. The larger the regional budget, the less poverty occurs in the area.

4. Conclusion

The results of the calculation of existing ratios show that the ratio of regional financial independence of Toba Regency in 2020-2022 shows an average value of 7.80% so that it can be said to be in a very low category. The ratio of regional financial dependence of Toba Regency in 2020-2022 shows an average value of 6.62%, so it can be said that it is included in the very low category. The ratio of the degree of fiscal decentralization of Toba Regency in 2020-2022 shows an average value of 6.62%, so it can be concluded that the level of decentralization of Toba Regency is in the very low category. The effectiveness ratio of Toba Regency PAD for 2020-2022 shows that the average value is 104.33%, so it can be said that the effectiveness rate of Toba Regency PAD is included in the very effective category. The efficiency ratio of PAD shows that the average value is quite high at 98.47%, so it can be said to be very inefficient. The Toba Regency regional tax effectiveness ratio for 2020-2022 shows an average value of 111.68% so it can be said that the level of effectiveness of Toba Regency regional taxes is included in the very effective category. The Toba Regency regional tax efficiency ratio for 2020-2022 shows an average value of 1.13%, so it can be said that the level of local tax

efficiency of Toba Regency is very efficient. The ratio of the degree of contribution of BUMD Toba Regency in 2020-2022 shows an average value of 11.10%, so it can be said that the contribution rate of BUMD is quite high. With the existing results, it can be concluded that the financial capability condition of the Toba Regency Regional Government is still not ideal.

Suggestions for local governments to further optimize the management of the potential of Toba Regency which has a considerable impact on both the community and the government, especially in the field of tourism which can be increased in terms of Regional Taxes and Regional Levies that can be collected from existing tourist attractions, as well as developing existing tourist attractions in Toba Regency to look more attractive and visited a lot, so as to increase the results of processing regional wealth in BUMD. If the utilization of regional potential is successful, regional taxes that have a role in PAD will increase and strengthen the implementation of regional autonomy. The government certainly needs to carry out programs that can build Regional Original Revenue, increase order in local taxes, increase and optimize the use of better regional assets, with the increase in Regional Original Revenue, the government will more easily finance regional activities and needs that can improve local government performance, and can also improve the facilities of the people of Toba Regency. In other words, this increase is expected to improve welfare for people in Toba Regency and is expected to be able to reduce transfer costs obtained from local governments. If the higher the Regional Original Income, it will be followed by the magnitude of the region's ability to meet the needs of its region where the level of regional dependence decreases and regional financial performance increases. In increasing Regional Original Income can also be accompanied by optimizing and improving the quality of employee performance and improving the quality of employees in using technology, especially in the development of the village, because then the government can further reduce the employee spending budget which is the largest government expenditure.

Bibliography

- [1] Alfiani, A. (2024). Analisis Kinerja Keuangan Pemerintah Daerah dalam Pengelolaan Anggaran Pendapatan dan Belanja Daerah (APBD) pada Kabupaten Bogor. *Journal of Business Innovation and Accounting Research*, 1(2), 74–87. <https://doi.org/10.56442/h23web39>
- [2] Amal, M. I., & Wibowo, P. (2022). Analisis Kinerja Keuangan Pemerintah Provinsi DKI Jakarta Sebelum dan Sesudah Pandemi Covid-19 Politeknik Keuangan Negara STAN. 83–93.
- [3] Badan pemeriksa keuangan sumatera utara (BPK). (2024). *Badan Pemeriksa Keuangan Republik Indonesia (BPK)*.
- [4] Bisma, I. D. G., & Susanto, H. (2010). Evaluasi Kinerja Keuangan Daerah Pemerintah Provinsi Nusa Tenggara Barat Tahun Anggaran 2003-2007. *Ganec Swara*, 4(3), 75–86.
- [5] Hafizi, R., & Amalia, F. A. (2022). Kinerja Keuangan Pemerintah Daerah Kabupaten Jember. *Jati: Jurnal Akuntansi Terapan Indonesia*, 5(2), 116–130. <https://doi.org/10.18196/jati.v5i2.14194>
- [6] Halim, A. (2012). *Akuntansi Sektor Publik Akuntansi Keuangan Daerah*. Salemba empat.
- [7] Henry. (2022). *6 Fakta Menarik Kabupaten Toba, Ada Desa Sentra Pembuatan Ulos Legendaris*. Liputan6.Com.
- [8] Mahmudi. (2016). *Analisis laporan keuangan pemerintah daerah*. Penerbit dan Percetakan Sekolah Tinggi Ilmu Manajemen YKPN.
- [9] Mahsun, M. (2019). Pengukuran Kinerja Sektor Publik 1-9. In *Universitas Terbuka*.
- [10] Melmambessy, D. (2022). Analisis Kinerja Keuangan Pemerintah Kota Jayapura Ditinjau Dari Rasio Kemandirian Daerah, Ketergantungan Daerah, Desentralisasi Fiskal Dan Efektivitas. *Jurnal Ekonomi Dan Bisnis*, 13(2), 10–15. <https://doi.org/10.55049/jeb.v13i2.90>
- [11] Nugraeni, Paramitalaksmi, R., & Wafa, Z. (2022). Kemandirian Dan Efektivitas Pemerintah Daerah Dimasa Pandemi Covid 19. *Jurnal Riset Akuntansi Mercubuana*, 8(1),

- 22–29.
- [12] Nurdiwaty, D., & Zaman, B. (2016). Analisis Rasio Keuangan Daerah Untuk Menilai Kinerja Keuangan Daerah (Studi Kasus Pada Dinas Pendapatan Pengelolaan Keuangan Dan Aset Kota Kediri). *Journal of Innovation in Business and Economics*, 7(1), 31. <https://doi.org/10.22219/jibe.vol7.no1.31-40>
- [13] P, B., & Statistik, U. (2023). *Tingkat Pengangguran Terbuka (TPT) Penduduk Umur 15 Tahun Keatas Menurut Kab/Kota (Persen), 2021-2023*. Badan Pusat Statistik.
- [14] Pradana, R. S. A. (2015). *Pengaruh Pendapatan Asli Daerah (Pad) Dan Dana Perimbangan Terhadap Kinerja Keuangan Dan Belanja Modal*. 4(322), 26–33.
- [15] Rahmawati, L., & Warsitasari, W. D. (2023). Analisis Kinerja Keuangan Pemerintah Daerah Kabupaten Trenggalek Di Masa Pandemi Covid-19 Periode 2020-2021. *Jurnal Ekonomika Dan Bisnis*, 10(1), 339–354.
- [16] Ramadhani, D. A. S., Hisamuddin, N., & Shulthoni, M. (2020). Analisis Rasio Keuangan Untuk Menilai Kinerja Apbdesa (Studi Kasus Desa Bulak Kecamatan Bendo Kabupaten Magetan). *Jurnal Akuntansi Universitas Jember*, 17(1), 1. <https://doi.org/10.19184/jauj.v17i1.10687>
- [17] Siswanto, S., & Maylani, D. A. (2022). Analisis Laporan Keuangan Untuk Menilai Kinerja Keuangan Pemerintah Daerah. *Nominal Barometer Riset Akuntansi Dan Manajemen*, 11(1), 184–195. <https://doi.org/10.21831/nominal.v11i1.48423>
- [18] Susanto, B. &. (2010). Evaluasi Kinerja Keuangan Daerah Pemerintah Provinsi Nusa Tenggara Barat Tahun Anggaran 2003-2007. *Ganec Swara*.
- [19] Susanto, H. (2019). Analisis Rasio Keuangan Untuk Mengukur Kinerja Keuangan Pemerintah Daerah Kota Mataram. *Distribusi - Journal of Management and Business*, 7(1), 81–92. <https://doi.org/10.29303/distribusi.v7i1.67>
- [20] Undang-undang Republik Indonesia. (2004). *Undang-undang Republik Indonesia tentang pemerintah daerah (Nomor 32 tahun 2004)*.
- [21] Vitalis Ari Widiyaningsih, M. P. (2021). Analisis kinerja keuangan. *STIE St. Pignatelli Surakarta*, 33(02), 1–23.
- [22] Wasil, M., Putri, N. S., Larasati, A., & Mufida, N. (2020). Analisis Pengaruh Pendapatan Asli Daerah (PAD) dan Dana Perimbangan Terhadap Kemandirian Keuangan Daerah di Kabupaten Sidoarjo. *Journal of Regional Economics Indonesia*, 1(2), 99–109. <https://doi.org/10.26905/jrei.v1i2.5441>
- [23] Yoduke, R., & Ayem, S. (2016). Analisis Efektivitas, Efisiensi Pajak Daerah Dan Retribusi Daerah Serta Kontribusi Terhadap Pendapatan Asli Daerah Di Kabupaten Bantul Tahun 2009-2014. *Jurnal Akuntansi*, 3(2). <https://doi.org/10.24964/ja.v3i2.49>