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Evaluation of Financial Reporting to Assess the Economic Performance of the Central Tapanuli Regional Government

Sahala Purba [*]**, Arie Tymoty R. Ginting, Yudi Andeska Barus, Yohanes Arlenta Surbakti, Bremanta Ginting**
Accounting Study Program, Faculty of Economics,
Universitas Methodist Indonesia

Article Info	ABSTRACT
	This analysis aims to investigate the performance efficiency of the Central Tapanuli County government using eight fiscal ratios, including regional fiscal independence, regional fiscal dependence, degree of fiscal decentralization, PAD effectiveness, PAD efficiency, and local taxes. Efficiency, local tax efficiency, and contribution BUMD. This study is a quantitative descriptive analysis from 2013 to 2022. Evaluate existing data on financial ratios using documentation techniques for data collection. The evaluation results showed regional independence at 7.14%, a normal level included in the participation relationship pattern, regional financial dependence at a low level of 17.02%, fiscal decentralization reserve ratio at a shallow level of 17.01%, and PAD effectiveness ratio. Very effective inclusion 0.88%, very efficient inclusion PAD efficiency 0.77%, inefficient inclusion regional tax efficiency 3.16%, less efficient inclusion regional tax efficiency 33%, BUMD contribution level very high. Looking at the evaluation results, it can be concluded that the performance of Central Tapanuli Regency between 2013 and 2022 was ineffective in regional development.

Corresponding Author:

Sahala Purba
Universitas Methodist Indonesia
Email: sahala824@gmail.com

INTRODUCTION

With the issuance of two laws from the central organizer, namely, Law 23 of 2014 and Law Number 33 of 2004. Where Law Number 23 of 2014 contains a Local Government system that is expected to encourage the welfare and prosperity of the community and reduce inequality by carrying out equitable development and good public services. This is due to the decentralization that facilitates government supervision compared to centralization, where all duties and responsibilities are not only from the central but can also be carried out by the regional government, thus local governments must play a more active role in managing all programs in their regions since the enactment of Law Number 23 of 2014 (Siswanto &; Maylani, 2022). Law Number 33 of 2004 contains financial regulations of the central government and regional government, and the government system will change along with political changes that encourage the progress of regional autonomy from the Central Government to the Regional Government which has been ratified in Law Number 33 of 2004.

To encourage the wheels of development, local governments must run a planning system quickly and precisely, expected to make people have sympathy and empathy in development, as well as reduce inequality and increase harmony by seeing and expanding all the potential in the area. Autonomous regions can be a reference for development by giving responsibility to local governments from the center to optimize their PAD (Local Original Revenue). The need for an increase in PAD is further emphasized due to decentralization, where there are many mandates given by the Central Government to Regional Governments. In the transfer of funds provided by the Central Government to Regional Governments to spur adequate regional autonomy, Regional Governments must continue to make breakthroughs to increase their PAD and give flexibility to use their APBD. Therefore, local governments must be able to see and use the potential of existing PAD sources properly and efficiently. When local governments can manage their finances by legal provisions, it is considered a success in designing (Susilawati & Wardana, 2018).

In carrying out regional financial management, it means carrying out all activities such as designing, implementing, evaluating, reporting, accountability, and also supervising regional finances. In developing regions, an important aspect that must be considered is the development of regional finances by transparency. The rules of regional financial development must be carried out to achieve good governance, namely a clinical, economical, efficient, open, responsive, and accountable government in spending its APBD. Therefore, each region is intended to be able to recognize and develop its potential and PAD sources as well as possible. From the economic giant will be used to create government programs, and then it will be evaluated using financial data to see the effectiveness and efficiency of reports by established legislation.

There are many cornered areas in North Sumatra province, one of which is Central Tapanuli Regency, with Pandan as its capital city which is located adjacent to the town of Sibolga. Central Tapanuli Regency as an Autonomous Region was affirmed by the Government with Law No. 7 of 1956 concerning the Establishment of Autonomous Regions of Regencies within the North Sumatra Province. Based on the Regional Regulation of Central Tapanuli Regency Number 19 of 2007, the Anniversary of Central Tapanuli Regency is set to be August 24, 1945. This district has many advantages ranging from its Natural Beauty, Cultural Heritage, etc. Central Tapanuli was once also a filming location for Hollywood films, namely King Kong and filming locations Mursala Movies which introduced the Central Tapanuli area (Wikipedia, 2024).

However, all poverty levels that occur in this area are fairly high and this is what adversely affects the welfare of the community, this district only uses a single economic sector so they are difficult to get resources affects economic growth has a negative impact, such as sanitation problems, stunting (malnutrition), slow health due to limited access, and also limited access to Education. Societies that may experience difficulties in the economy and access to education occur due to the impact of poverty that slows down the process of Long-term Development and decreases the quality of life

Table 1. Unemployment, poverty, and crime rates in Central Tapanuli District

Year	2017	2018	2019	2020	2021
Unemployment	7,39%	6,38%	7,62%	7,54%	7,42%
Poverty (people)	367.687	369.471	376.474	406.646	429.050
Criminal persons)	42.973	22.982	37.374	33.653	33.635

Source: Processed by the author from (BPS, 2024)

Based on the data in the table above, shows an average unemployment rate of 7.16% with the lowest percentage in 2018 at 6.38% and the highest in 2019 at 7.62%, which is a fairly low number that should make Central Tapanuli Regency avoid high poverty and crime rates. And the percentage of unemployment from 2017 to 2021. While the poverty rate continues to increase from 2017 to 2021, so does the crime rate which continues to increase from 2018 to 2021. According to research (Susilawati & Wardana, 2018) the results of this study state that unemployment affects poverty. This means that when unemployment rises, poverty also increases. According to the theory "When the unemployment rate rises, the poverty rate rises and when the unemployment rate decreases, the unemployent rate also falls" but the opposite is true. However, the increase in poverty and crime

rates can be influential due to several indicators such as low Gross Regional Domestic Product (GDP), expensive logistics materials, and low daily wages of farm workers. Central Tapanuli's GDP as of 2021 is 28,753,713. While UMP and UMK amounted to Rp 2,221,459 which can be said to be quite small. This can be influenced by the lack of effectiveness of the performance of the Central Tapanuli District Government. Based on the year of observation of the regional financial statements of Central Tapanuli Regency from 2013-2022, it shows that the Regional Financial Sustainability Ratio is in the very low category and the Fiscal Decentralization Level Ratio is lacking, but the Effectiveness Ratio and Efficiency of the PAD show satisfactory results, which are quite effective and very effective. The average result of the Regional Tax Efficiency Ratio shows sufficient results. And the average BUMD Contribution Rate is at a very high level. Based on the description above, it should make Central Tapanuli Regency avoid poverty and crime levels so that the author is interested in further analyzing the financial performance of the Central Tapanuli Regency government.

In regional development efforts, it is hoped that the performance of local governments can be by the expectations of the central government while improving and developing financial accountability, which is not only enough to show how the regional budget is used, but also to show that the use of the regional budget is used economically and on target. Indicators that can be used to measure financial performance include, among others, using financial ratio analysis and Balance ScoreCard (Munandar, 2017). Financial evaluation of local finances is used to assess the performance of local governments.

The results of this analysis are expected to provide information related to the Central Tapanuli Regency government by analyzing financial statement information. Evaluating government performance from financial data can help ensure that financial management is carried out properly and can be accounted for by the community. Financial statement analysis can provide useful information for decision-making: an understanding of government financial performance can help in designing effective activities, appropriate use of resources, and thoughtful budget planning. This research will also be able to help assess the extent to which public funds that should be allocated have been run by the Central Tapanuli Regency Government. The results of the performance evaluation analysis can provide constructive feedback to the Central Tapanuli Regency government to increase the efficiency, accountability, and openness of regional financial management. Thus, this research has the potential to encourage improvements in local government performance for the better. The information presented in the analysis of financial statements may provide a better understanding to the public of how public funds are used. It can also increase public participation in monitoring and monitoring the use of public funds.

LITERATURE REVIEW
Regional Financial Independence Ratio

This ratio shows that how much the ability of local governments, if the ratio of regional independence increases then the level of dependence and vice versa. In addition, this ratio can also illustrate the level of participation of the community in paying local tax obligations and levy obligations and also measure the level of community welfare. There are several patterns introduced in situational relationships which are divided into 4 kinds and can be used in realizing regional activities (Halim, 2012), among others: The pattern of instructive relations is a pattern that shows the central government plays a more dominant role than local governments (regions that have not been able to realize their regional activities). Type Consultative relations are those that indicate less interference from the central government, as local governments begin to be able to carry out their activities. The pattern of participatory relations is a pattern that shows the role of the central government is decreasing because local governments are almost able to carry out their regional activities. The pattern of delegative relations is a pattern that explains that there is no longer a central government relationship because local governments have been able to carry out all their regional activities. Here are the categories to establish the Regional Financial Dependency assessment.

Here is the formula used to measure the ratio of financial self-sufficiency:

$$\text{Self-reliance ratio} = \frac{locally-generated\ revenue}{Central\ or\ provincial\ government\ assistance\ \&\ loans} \times 100\%$$

Here are the levels in Regional autonomy levels

Tiers	Fiscal Decentralization	Pattern
0,00-0,25	Very Low	Instructive
0,25-0,5	low	Constructive
0,5-0,75	Keep	Participatory
0,75-1	Tall	Delegative

Source: (Jikwa et al., 2015)

Regional Financial Dependency Ratio

If the results of this ratio analysis increase, the level of dependence of local governments on the Central Government will increase. The level of regional financial dependence can be seen by the comparison between total transfer revenues (received from the state budget) by local governments with total regional revenues from the province (Mahmudi, 2016).

The formula of this ratio is as follows

$$\text{Dependency ratio} = \frac{Locally-generated\ revenue}{Total\ APBD\ Revenue\ Without\ Subsidies} \times 100\%$$

Here are the categories to establish the Regional Financial Dependency assessment

Tiers	Regional Financial Dependence
0,00-10,00	Very Low
10,01-20,00	Low
20,01-30,00	Keep
30,01-40,00	Enough
40,01-50,00	Tall
>50.00	Excellent

Source: (Jikwa et al., 2015)

Fiscal Decentralization Degree Ratio

This ratio is useful in measuring the effectiveness of local governments in managing and developing their local income levels, this ratio measures how the influence of PAD impacts regional revenues (Bisma &; Susanto, 2010).

Here is the formula used to measure the level of Fiscal Decentralization:

$$\text{Decentralization Ratio} = \frac{Locally-generated\ revenue}{Total\ Regional\ Revenue} \times 100\%$$

Here are the categories to assign the Fiscal Decentralization assessment:

Tiers	Fiscal Decentralization
0,00-10,00	Very Lacking
10,01-20,00	Less
20,01-30,00	Keep
30,01-40,00	Enough
40,01-50,00	Good
>50.00	Excellent

Source: (Jikwa et al., 2015)

Effectiveness Ratio of PAD (Local Original Revenue)

The effectiveness ratio is used to measure how the realization of PAD against what has been established (Mahmudi, 2016). The effectiveness ratio of PAD is something that reflects the ability of local governments to realize PAD designed for predetermined goals based on the real potential of the region.

Here is the formula to measure the level of PAD Effectiveness:

$$\text{Effectiveness Ratio} = \frac{\text{Realization PAD}}{\text{Target PAD}} \times 100\%$$

Here are the categories to establish the PAD Effectiveness assessment

Tiers	Effectiveness Rate
Above 100%	Highly Effective
90%-100%	Effective
80%-90%	Quite Effective
60-80%	Less effective
Less than 60%	Ineffective

Source: (Jikwa et al., 2015)

PAD Efficiency Ratio (Local Original Revenue)

This ratio is used to calculate how much tariff is used by regional autonomy to finance increasing activities to achieve revenue realization by what is set. This efficiency ratio is measured by comparing the costs invested by local governments to achieve their PAD (Mahmudi, 2016). If the value gets smaller at this ratio, the local government's performance in carrying out local original revenue collection can be efficient (Halim, 2012).

The following is the formula for establishing the PAD Efficiency Level assessment:

$$\text{Efficiency Ratio} = \frac{\text{Acquisition Costs PAD}}{\text{Realization PAD (Regional Tax + Regional Levy)}} \times 100\%$$

Here are the categories to assign the PAD Efficiency assessment

Tiers	Effectiveness Rate
Above 100%	Inefficient
90%-100%	Less Efficient
80%-90%	Quite Efficient
60-80%	Efficient
Less than 60%	Highly Efficient

Source: (Jikwa et al., 2015)

Local Tax Effectiveness Ratio

This ratio is used to measure the success of the government in trying to meet the specified targets. The results of the outcome and output can describe the effectiveness of the activity of the organization. Output is the direct result of an activity, while Outcome is the impact or influence given by the program or policy implemented. With this, it can be seen that outcomes describe significant changes in the implementation of programs or policies (Mahsun, 2019). The analysis of the effectiveness of local tax authority describes the ability of local governments to achieve the objectives of the budget that has been set. This analysis can consider the true potential of the region to manage and utilize revenue sources through its tax authority (Mahmudi, 2016).

Here is the formula to calculate Local Tax Effectiveness:

$$\text{Local Tax Effectiveness} = \frac{\text{Realization of Regional Tax Revenue}}{\text{Regional Tax revenue target}} \times 100\%$$

Here are the categories for establishing Local Tax Effectiveness assessments

Tiers	Effectiveness Rate
Above 100%	Highly Effective
90%-100%	Effective
80%-90%	Enough
60-80%	Less
Less than 60%	Ineffective

Source:(Jikwa et al., 2015)

Local Tax Efficiency Ratio

A situation is considered efficient if it is designed with careful planning using budget and resources as well as possible, by comparing the output produced with the inputs used. In this study, efficiency shows the ability of local governments to achieve maximum results by utilizing existing resources. The initial resources are obtained from regional revenues, and the results will be seen from the implementation of the costs needed to generate these revenues (Mahsun, 2019). If the scale achieved is less than 10%, or if the scale is less than 10%, then the performance of the regional apparatus in collecting local taxes is considered efficient.

Here is the formula for calculating Local Tax Efficiency:

$$\text{Local Tax Efficiency} = \frac{\text{Regional Tax Collection Fees}}{\text{Realization of Regional Tax Revenue}} \times 100\%$$

Here are the categories to establish the Local Tax Efficiency assessment:

Tiers	Efficiency Rate
0,00% - 10%	Very Lacking
10,00% - 20%	Less
20,00% - 30%	Keep
30,00% - 40%	Good enough
40,00% - 50%	Good
> 50%	Excellent

Source: (Jikwa et al., 2015)

BUMD Contribution Degree Ratio

Regional Owned Enterprises (BUMD) are companies where part or all of their capital is owned by the Regional Government (Pemrintah Daerah). A company can be said to be a BUMD if at least 51% of its total capital or shares are owned by the local government. And vice versa, if the capital related to the local government is less than 51%, it is not included in the BUMD category. The ratio of the degree of contribution of BUMD is a ratio that can show the amount of contribution of regional companies to their PAD. If the ratio of the degree of contribution of this BUMD is higher, the PAD will also be higher. This ratio can be used to show the contribution of local governments in encouraging regional revenues (Mahmudi, 2016). If this ratio displays a number above 0%, then the regional company can be said to have contributed to regional revenue.

Here is the formula to calculate the BUMD Contribution Degree:

$$\text{BUMD Contribution} = \frac{\text{Income from profit BUMD}}{\text{Total PAD}} \times 100\%$$

RESEARCH METHOD

This analysis was conducted to evaluate the audited financial statements of BPK North Sumatra in the period 2013 to 2022. Performance is about the ability or level of company revenue to realize the goals, objectives, vision, and mission that have been presented in the Company's strategy (Panca Wahyuningsih, 2016). The purpose of this financial performance analysis is to obtain data on the financial performance of the local government of Central Tapanuli Regency. The data is expected to be used to make correct decisions and evaluate regional financial performance during the 2013-2022 period. In this study, several scales were used as indicators, including the Level of Regional Financial Autonomy, the Level of Regional Financial Independence, the Level of Fiscal Decentralization, the Level of Effectiveness of Regional Original Revenue (PAD), the Level of PAD Efficiency, the Level of Regional Fiscal Effectiveness, the Level of Regional Fiscal Efficiency, and the Level of Contribution Size of Regional Owned Enterprises (BUMD). The Central Tapanuli Regency Financial Report from 2013 to 2022 is the source of this research data.

DISCUSSION

Derah's Financial Independence Ratio

Table 2. Regional Autonomy Ratio

Year	Realization of Pad	Transfer Earnings	Tingkatan(%)	Financial Capability	Relationship Patterns
2013	23.210.742.242,99	695.775.612.572,00	3,33	Low	Constructive
2014	55.364.392.068,85	734.600.900.058,00	7,53	Tall	Delegative
2015	65.224.735.174,14	917.577.015.504,00	7,10	keep	Participatory
2016	71.758.981.995,07	997.406.708.566,00	7,19	keep	Participatory
2017	72.710.308.590,53	1.009.291.823.040,00	7,20	keep	Participatory
2018	76.660.883.410,33	1.093.963.537.881,00	7,01	keep	Participatory
2019	88.441.123.323,37	1.063.873.752.611,00	8,31	Tall	Delegative
2020	87.469.317.632,21	1.033.370.841.373,00	8,46	Tall	Delegative
2021	84.473.837.625,39	1.016.941.042.886,00	8,30	Tall	Delegative
2022	75.219.924.030,34	1.081.248.050.473,00	6,95	Keep	Participatory
War War	70.053.424.609,32	964.404.928.496,40	7,14	Keep	Participatory

Source: (Audit Board of North Sumatra (BPK), 2024)

From the performance that has been carried out from 2013 to 2022, the value of regional autonomy above which there is a low value occurred in 2013, which was 3.33% and the ratio value with a high level in 2020 was 8.46%. Meanwhile, in 2021, there was a decrease in this ratio, from 8.46% to 8.30% or a decrease of 0.16%. There was a significant decrease in 2022, from 8.30% to 6.95%, indicating challenges or problems in achieving financial independence in the period. Factors such as decreased PAD realization or increased reliance on transfer income may be to blame. Despite the decline in 2019, in general, the independence ratio increased from 8.31% in 2013 to 3.33% in 2020. This shows the effort and potential to increase the contribution of PAD to regional revenues. Although the value of the ratio is facing an increase, most of the values of the regional financial independence ratio of Central Tapanuli Regency can still be called a small group.

Regional Financial Dependency Ratio

Table 3. Regional Dependency Ratio

Year	PAD	Realization of PAD	Tingkatan(%)	Dependency
2013	871723619864,99	23210742242,99	37,56	Enough
2014	843242622641,85	55364392068,85	15,23	Low
2015	982801750678,14	65224735174,14	15,07	Low
2016	1069165690561,07	71758981995,07	14,90	Low

2017	1094002131630,53	72710308590,53	15,05	Low
2018	1216899572344,33	76660883410,33	15,87	Low
2019	1206241246106,37	88441123323,37	13,64	Low
2020	1185787162520,21	87469317632,21	13,56	Low
2021	1161334980966,39	84473837625,39	13,75	Low
2022	1170402645656,34	75219924030,34	15,56	Low
War War	1080160142297,02	70053424609,32	17,02	Low

Source: (Audit Board of North Sumatra (BPK), 2024)

From the observations made, it can be seen that the ratio of regional financial dependence on Central Tapanuli Regency in 2013-2022 always increases every year. The ratio value that increased was found in 2013 with a value of 37.56% and the lowest ratio in 2020 the ratio value was 13.36%. In 2014, the number of regional financial dependence increased again from 2013, which was 13.36% to 15.23%, an increase of 1.87%. Even if the number of regional financial dependence often increases, the average value of regional financial dependence of Tapanuli Tengah Regency can be said to be low.

Fiscal Decentralization Rate Ratio

Table 4. Fiscal Decentralization Ratio

Year	Realization of Pad	Total PAD	Tingkatan(%)	Indicator
2013	23.210.742.242,99	695.775.612.572,00	3,33	Very Lacking
2014	55.364.392.068,85	734.600.900.058,00	7,53	Very Lacking
2015	65.224.735.174,14	917.577.015.504,00	7,10	Very Lacking
2016	71.758.981.995,07	997.406.708.566,00	7,19	Very Lacking
2017	72.710.308.590,53	1.009.291.823.040,00	7,20	Very Lacking
2018	76.660.883.410,33	1.093.963.537.881,00	7,01	Very Lacking
2019	88.441.123.323,37	1.063.873.752.611,00	8,31	Very Lacking
2020	87.469.317.632,21	1.033.370.841.373,00	8,46	Very Lacking
2021	84.473.837.625,39	1.016.941.042.886,00	8,30	Very Lacking
2022	75.219.924.030,34	1.081.248.050.473,00	6,95	Very Lacking
War War	70.053.424.609,32	964.404.928.496,40	7,14	Very Lacking

Source: (Audit Board of North Sumatra (BPK), 2024)

This ratio shows the degree of contribution of PAD to total regional revenue By comparing local original revenue and overall regional revenue, this scale assesses how much fiscal decentralization contributes to the formation of local original revenue. The level of decentralization is one of the calculations that can show the level of authority and responsibility of local governments to realize development. The calculation in this ratio shows the extent to which the PAD contributes to the total revenue of the region. As the contribution of PAD increases, local governments will also be able to implement decentralization, and this number will increase (Bisma &; Susanto, 2010).

Based on the results of the study, the value of the degree ratio of fiscal decentralization in Central Tapanuli Regency from 2013 to 2022 usually increases from year to year. The highest percentage value of fiscal decentralization occurred in 2019 at 8.31%, and the lowest percentage value of 3.33% in 2013. In 2019 it was 8.31%. In 2018, the level of regional financial dependence decreased again compared to 2019, which decreased by 7.00% from 8.31% to 1.31%. Although the value of the fiscal decentralization ratio always decreases, the average value of the fiscal decentralization ratio in Central Tapanuli Regency is still at a level that can be said to be very lacking.

PAD Effectiveness Ratio

Table 5. PAD Dependency Ratio

Year	Realization of Pad	TARGET PAD	Tingkatan(%)	Indicator
2013	23.210.742.242,99	26.659.811.317,00	0,87	quite effective
2014	55.364.392.068,85	56.056.763.046,00	0,99	Effective
2015	65.224.735.174,14	63.792.600.451,00	1,02	highly effective
2016	71.758.981.995,07	64.136.655.497,00	1,12	highly effective
2017	72.710.308.590,53	82.981.335.879,00	0,88	quite effective
2018	76.660.883.410,33	99.228.881.746,00	0,77	less effective
2019	88.441.123.323,37	112.561.910.296,00	0,79	less effective
2020	87.469.317.632,21	102.585.336.328,20	0,85	quite effective
2021	84.473.837.625,39	111.657.043.710,00	0,76	less effective
2022	75.219.924.030,34	98.298.009.155,00	0,77	less effective
War War	70.053.424.609,32	81.795.834.742,52	0,88	quite effective

Source: (Audit Board of North Sumatra (BPK), 2024)

The observations, show that the efficiency ratio of Central Tapanuli Regency experienced significant fluctuations between 2013 and 2022. The highest value of the PAD effectiveness rate occurred in 2016 with a value of 1.12% and the lowest value of the effectiveness rate of PAD was stated in 2021 with a value of 0.76%. The efficiency ratio of PAD experienced some small declines from 2016 to 2022. The efficiency ratio of PAD also gained a significant improvement between 2013 and 2017. Although the value of PAD Efficiency can vary greatly, the average value of the PAD Efficiency Ratio of Central Tapanuli Regency is in the following range: This is a fairly effective category.

PAD Efficiency Ratio

Table 6. PAD Efficiency Ratio

Year	Pad Acquisition Cost	Realization of PAD	Tingkatan(%)	Monetary capacity
2013	411.478.150,00	10.431.798.980,00	0,03	Highly efficient
2014	450.890.144,00	18.312.234.904,50	0,02	Highly efficient
2015	326.628.488,00	15.634.459.420,99	0,02	Highly efficient
2016	214.462.315,00	14.157.161.694,00	0,01	Highly efficient
2017	658.545.701,00	17.477.635.678,17	0,03	Highly efficient
2018	413.014.260,00	19.137.351.828,55	0,02	Highly efficient
2019	1.024.022.025,00	22.106.679.162,50	0,04	Highly efficient
2020	97.513.620,00	20.597.858.850,00	0,01	Highly efficient
2021	545.149.200,00	22.861.614.738,00	0,02	Highly efficient
2022	542.999.381,00	24.010.263.117,00	0,02	Highly efficient
War War	468.470.328,40	18.472.705.837,37	0,02	Highly efficient

Source: (Audit Board of North Sumatra (BPK), 2024)

The results showed that from 2013 to 2022, the value of the PAD efficiency ratio of Central Tapanuli Regency fluctuated significantly, decreasing every year from 2013-2018. The highest PAD efficiency ratio value was obtained at 0.04% in 2019, and the lowest efficiency ratio value was obtained at 0% in 2013-2018. Although the efficiency value of PAD can fluctuate slightly, Central Tapanuli Regency has a very efficient value in the level of efficiency of its PAD.

Local Tax Effectiveness Ratio

Table 7. Tax Effectiveness Ratio

Year	Regional Fiscal Realization	Regional Fiscal Budget	Tingkatan(%)	Effectiveness
2013	411.478.150,00	6.485.490.955,00	6,34	Ineffective
2014	450.890.144,00	12.514.056.044,50	3,60	Ineffective
2015	326.628.488,00	11.126.705.208,68	2,93	Ineffective
2016	214.462.315,00	11.828.258.734,00	1,81	Ineffective
2017	658.545.701,00	15.818.120.678,17	4,16	Ineffective
2018	413.019.260,00	18.015.293.403,55	2,29	Ineffective
2019	1.024.022.025,00	20.193.409.532,50	5,07	Ineffective
2020	97.513.620,00	18.988.067.256,00	0,51	Ineffective
2021	545.149.200,00	21.753.911.125,00	2,50	Ineffective
2022	542.999.381,00	22.479.399.995,00	2,41	Ineffective
War war	468.470.828,40	15.920.271.293,24	3,16	Ineffective

Source: (Audit Board of North Sumatra (BPK), 2024)

Contrasting regional fiscal compliance with fiscal budgets allows analysis of local governments' capabilities in raising funds for regional needs (Mahmudi, 2016). According to the research findings, The value of the regional tax efficiency ratio of Central Tapanuli Regency in 2013-2022 has experienced significant fluctuations, with several increases and decreases each year. The highest effective local tax rate was 6.34% in 2013. While the lowest average value of 0.51% occurred in 2020. During the observation period, the average local tax effectiveness ratio of Central Tapanuli Regency showed ineffective results.

Local Tax Efficiency Ratio

Table 8. Regional Fiscal Efficiency Ratio

Year	Local Tax Collection Fees	Local tax realization	Tier (%)	Effectiveness
2013	411.478.150,00	6.485.490.955,00	0,06	Very Lacking
2014	450.890.144,00	12.514.056.044,50	0,03	Very Lacking
2015	326.628.488,00	11.126.705.208,68	0,02	Very Lacking
2016	214.462.315,00	11.828.258.734,00	0,01	Very Lacking
2017	658.545.701,00	15.818.120.678,17	0,04	Very Lacking
2018	413.014.260,00	18.015.293.403,55	0,02	Very Lacking
2019	1.024.022.025,00	20.193.409.532,50	0,05	Very Lacking
2020	97.513.620,00	18.988.067.256,00	0,01	Very Lacking
2021	545.149.200,00	21.753.911.125,00	0,02	Very Lacking
2022	542.999.381,00	22.479.399.995,00	0,02	Very Lacking
War- War	468.470.328,40	15.920.271.293,24	0,03	Very Lacking

Source: (Audit Board of North Sumatra (BPK), 2024)

The performance of local tax collection of a local government is classified as efficient if the level of achievement is not up to 10%, and the rate level is also reduced, so it will improve. This study shows that the value of the PAD efficiency ratio of Central Tapanuli Regency from 2013 to

2022 has experienced significant fluctuations, every year it increases and decreases. The highest PAD efficiency ratio value was recorded in 2013 with a value of 0.06% and experienced a fairly stable increase and decrease. Although the efficiency value of PAD varies, the average efficiency value of PAD in Central Tapanuli Regency is very lacking.

BUMD Contribution Rate

Table 9 BUMD Contribution

Year	Profit BUMD	Realization of PAD	Tier (%)
2013	7.649.067.845,00	23.210.742.292,99	0,32
2014	5.241.384.126,00	55.364.392.068,85	0,09
2015	8.720.620.709,00	65.224.735.174,14	0,13
2016	11.703.795.486,00	71.785.981.995,07	0,16
2017	10.670.343.363,00	72.710.308.590,53	0,14
2018	9.674.633.542,00	76.660.883.410,33	0,12
2019	11.965.468.472,00	88.441.123.323,37	0,13
2020	9.475.069.950,00	87.469.317.623,21	0,10
2021	8.736.247.710,00	84.473.837.625,39	0,10
2022	10.690.310.898,00	75.219.924.030,34	0,14
War War	9.452.694.210,10	70.056.124.613,42	0,14

Source: (Audit Board of North Sumatra (BPK), 2024)

The results showed that there was a tendency for the percentage value of BUMD contribution of Central Tapanuli Regency to increase during 2013-2022. Meanwhile, the BUMD contribution rate in 2013 was 0.32% compared to 2014. The highest BUMD contribution ratio was 0.32% in 2013 and the lowest with a value of 0.09% in 2014. The contribution ratio of BUMD in the Central Tapanuli region in 2013-2022 is very high.

DISCUSSION

With an average rate of 7.14% of the regional autonomy rate of Central Tapanuli Regency in 2013-2022, it has very little financial capacity with an instructive relationship pattern. This shows that the ability of the region is very low in spending on local government operational activities, which evaluates the government to transfer the natural potential in Central Tapanuli district. Contrary to the results of the study (Melambessy, 2022) who said that the more PAD will increase, the more the level of financial independence of local governments. This indicates that the participation of the community is disciplined in paying local taxes and levies.

The Financial Dependency Rate of Central Tapanuli District 2013–2022 has a very low level of dependence, with an average rate of 17.02%. From the results of the analysis, the ratio value indicates that the dependence of the Central Tapanuli Regency area is still often increasing and decreasing, which indicates that the regional government is still in dire need of transferring funds from the central government. (Silitonga et al., 2022) concluded that the better the PAD, the lower the level of dependence on local governments.

The Fiscal Decentralization Ratio in Central Tapanuli District has a fairly low contribution rate of 7.14% from the average for 10 years, namely (2013-2022). This indicates that the income of the PAD of Central Tapanuli Regency is still very insufficient to keep up with the regional revenue funds. These results are contrary to the results of research from (Lin & Liu, 2000) states that fiscal decentralization has a positive and significant relationship to economic growth. However, the results of this study show that all regions have not been able to implement fiscal decentralization.

The effectiveness rate of PAD in Central Tapanuli District in 2013–2022 with an average rate of 0.88% has a fairly good strength. Where the ability of Central Tapanuli District to realize the

planned PAD target every year is achieved with an ineffective category, research is carried out accordingly (Kartika et al., 2016) stated that Sukabumi Regency in obtaining PAD was able to reduce the costs used.

The PAD Efficiency Level in Central Tapanuli Regency has a very efficient efficiency level, where the average PAD efficiency for 10 years (2013-2022) is 0.00%. This shows that the effectiveness of the Central Tapanuli Regency PAD collection effort is very efficient, this is in line with the results of research from (Moridu, 2021) which states The original income level of the area studied was very high.

The effectiveness of local taxes in Central Tapanuli Regency, showing an average rate of 3.16%, valid from 2013 to 2022 is included in the group that is considered ineffective, this means that the Central Tapanuli Regency government cannot achieve the target in local tax revenue with the planned target, this can be categorized as the Central Tapanuli Regency government is not effective in achieving its regional tax revenue target. The Fiscal Efficiency Level of Central Tapanuli District from 2013 to 2022 runs at a low-efficiency level with an average rate of 3.16%. This means that the Central Tapanuli Regency government can make efficiency in collecting local taxes <10%, this needs to be maintained in the future to achieve tax collection cost efficiency, this is different from the statement from (Ayem, 2015) which explains that the government is trying to increase its Local Original Revenue by levy and local taxes themselves.

The performance of Central Tapanuli Regency, when viewed from the size of BUMD donations for 10 years (2013-2022), is an average of 0.14% in the high group, this means that BUMD dividend contributions donate to PAD, while the rest from other PAD, this is the center of attention from the Central Tapanuli Regency government and Level II DPRD to pay attention to the performance of BUMDs in Central Tapanuli Regency, whether it is optimal or not, it is necessary to supervise and train BUMD devices to optimize existing resources. The Central Tapanuli Regency Government can increase regional revenue, how by developing tourism in one area, not focusing on areas such as the Tapian District, but also with the development of tourism in several areas. If the government optimizes the existing potential, it will be in line with research which states that if the APBD is implemented as much as possible it can minimize poverty, this is in line with the guidance of (Purba, 2017).

CONCLUSION

The regional financial independence ratio of Central Tapanuli Regency 2013-2022 explains that the average value of the regional independence ratio of 7.14% is still categorized as quite good. The regional financial dependence ratio of Central Tapanuli Regency in 2013-2022 states that the average value is 17.02%, which is still categorized as low in the level of regional financial dependence. The ratio of the degree of fiscal decentralization of Central Tapanuli Regency 2013-2022 proves that the average value is 17.01% which can be categorized as the ratio of degrees of fiscal decentralization is still relatively lacking. The effectiveness ratio of PAD in Central Tapanuli Regency in 2013-2022 proves that the average value is 0.88% and is still quite good. The efficiency ratio of PAD Central Tapanuli Regency 2013-2022 states that the average value is 0.00% and can be said to be very good. The ratio of local tax effectiveness of Central Tapanli Regency 2013-2022 proves that the average value is 3.16% and is still classified as ineffective. The regional tax efficiency ratio of Central Tapanuli Regency 2013-2022 proves that the average value is 0.03% and is included in the sufficient category. The ratio of the degree of contribution of BUMD in Central Tapanuli Regency 2013-202 proves that the average is 0.14% it is said that the contribution of BUMD is very high.

Suggestion

From the results of the financial ratio evaluation showing the ineffective Regional Tax Effectiveness and Efficiency Ratio, the suggestion for the government is to increase the ratio of independence in regional finances and the ratio of financial dependence from the regions and increase the realization of PAD to build and facilitate economic actors, especially in the field of fisheries and para tourism which are the leading sectors of Central Tapanuli Regency, and increase the tax ratio by developing wealth In the years to come, the government can support and assist MSMEs and develop the potential that exists in Central Tapanuli.

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