



Financial Performance Analysis in Government Langkat Regency

Putri Dwi Lestari^{1*}, Agus Tripriyono²

Accounting Study Program, Panca Budi Development University

Corresponding Author: Putri Dwi Lestari putridwils18@gmail.com

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ABSTRACT

This study aims to analyze the financial performance of the Langkat Regency Government from 2018 to 2022 using several relevant financial ratios. The ratios that will be used include the Decentralization Degree Ratio, Regional Financial Independence Ratio, PAD (Regional Original Income) Effectiveness Ratio, and Expenditure Efficiency Ratio. The method used in this study is quantitative research with a descriptive approach. This means that the study will rely on secondary data in the form of budget realization reports from the Langkat Regency Government for the 2018-2022 period. The data analysis technique used is quantitative descriptive, which will help describe and analyze financial performance based on the ratios that have been mentioned. The results of this study indicate that the average value is 6.9% where the Decentralization Degree Ratio of the Langkat Regency Government is in the "very low" criteria, the average value is 8.36%, the Regional Financial Independence Ratio is categorized as "very low", the average value of 100.8% places the PAD Effectiveness Ratio in the "very effective" category and the average value of 89.94%, the Expenditure Efficiency Ratio is classified as "efficient"

INTRODUCTION

This financial independence refers to the ability of local governments to manage their own financial resources without being too dependent on assistance from the central or provincial government through balancing funds. With greater financial independence, local governments have more control over the use and allocation of their financial resources. They can be more flexible in determining development priorities and facing economic or social challenges that are specific to their regions. In addition, financial independence also encourages local governments to increase efficiency in financial management and increase regional income independently (Mahmudi, 2023). The importance of regional autonomy as a more responsive and effective approach to advancing development at the local level. Compared to a centralized system, regional autonomy gives local governments the freedom to plan and implement development activities according to the conditions, characteristics, and potential of their regions. In addition, regional autonomy also encourages active participation from the community in the development decision-making process, because the policies made are easier to understand and relevant to the local context.(Fadillah & Sudiarti, 2023). Effective and transparent financial management is essential for the success of regional autonomy. By managing its finances well, local governments can ensure that their financial resources are used efficiently to support various government activities, infrastructure development, and social programs needed by the local community. This can also increase public trust in local governments, because transparency and accountability in financial management can be maintained properly.

Regional finance does play a very important role in the success of an organization or government, especially in the context of local government. The government must pay attention to important points in managing regional finances such as Regularity and Compliance, Efficiency and Effectiveness, Transparency, Responsibility, Principles of Justice and Compliance and Benefits for the Community. By maintaining these principles, local governments can avoid waste, misuse, and irregularities in financial management. This not only strengthens good governance but also builds public trust and supports sustainable development at the local level.

The Regional Revenue and Expenditure Budget (APBD) is indeed an important instrument that illustrates the ability of the regional government to allocate and finance all activities required in running the government and development at the local level. The preparation of the APBD must be carried out by considering the principles of efficiency, effectiveness, and fairness in the use of funds to achieve maximum public welfare. The process of accountability for the implementation of the APBD is carried out through the preparation and submission of financial reports to the Regional People's Representative Council (DPRD). This financial report not only serves as an instrument to fulfill legal obligations, but also becomes an important tool in ensuring transparency, accountability, and good management of regional finances. The regulations stipulated in Government Regulation of the Republic of Indonesia Number 8 of 2006 regulate in detail the preparation, submission, and audit of regional government financial reports. The Audit Board of Indonesia (BPK) has an

important role in ensuring that regional financial management is in accordance with applicable accounting standards and that there are no significant deviations.

Measuring the financial performance of local governments does have a very important and broad function. In addition to assessing the accountability of local governments, there are several main objectives that are very important in the context of regional financial management, namely to assess the accountability of local governments, measure regional financial capabilities, evaluate effectiveness and efficiency and measure regional income expenditures.(Deswira, 2022). Financial performance factors become very important in the context of implementing regional autonomy. Performance measurement will play a role in improving regional welfare, key in implementing regional autonomy, feedback on plan implementation, encouraging transparency and accountability.(Saraswati, 2019).

Langkat Regency has great potential in terms of Natural Resources (SDA) and natural tourism, but faces a number of problems in the management of local government finances, especially related to the implementation of the Regional Revenue and Expenditure Budget (APBD) from 2018 to 2022. Significant fluctuations in regional income reflect instability in Langkat Regency's sources of income. Factors that can influence this fluctuation include fluctuations in the prices of natural resource commodities which are the main source of regional income, as well as internal factors such as the effectiveness of regional income management. Although rich in natural resources and has great tourism potential, Langkat Regency faces a high dependence on transfer income from the central government. This can reduce regional financial independence and limit flexibility in managing finances independently. One of the main problems is the low ability to manage and optimize sources of Regional Original Income (PAD). PAD should be one of the main pillars in regional income to ensure the sustainability of regional finances independently. To overcome this problem, strategic steps can be considered such as developing revenue diversification, increasing the efficiency of financial management, developing PAD sources and strengthening financial independence. The following is a table of the realization of the Langkat Regency Regional Government APBD for 5 budget years:

Table 1. Realization of the Langkat Regency Government Budget for 2018-2022

Year	Income	Shopping	Transfer	Surplus/Deficit
2018	2,226,626,152,513	1,906,579,114,157	317,531,000,267	2,516,038,089
2019	2,361,512,739,444	1,881,201,028,726	342,860,770,941	137,450,939,776
2020	2,122,684,872,331	1,847,656,678,135	335,568,183,664	(60,539,989,467)
2021	2,266,625,881,854	1,824,620,938,132	342,346,622,684	99,658,321,037
2022	2,213,563,402,095	1,922,376,683,372	343.144.408.815	(51,957,690,091)

Source: BPKAD Langkat Regency (Processed Data, 2024)

Based on the information provided in table 1, regional income in the realization of the Langkat Regency Government APBD from 2018 to 2022 experienced quite significant fluctuations. Regional income in 2018 reached IDR 2,226,628,152,513. There was an increase in income to IDR 2,361,512,739,444 in 2019. Income decreased significantly to IDR 2,122,684,872,331 in 2020. This decrease occurred due to the impact of the COVID-19 outbreak, which caused expenditure to be greater than income, resulting in a budget deficit of IDR 60,539,989,467. There was a slight increase in income in 2021 and income decreased again in 2022. The fluctuation in Langkat Regency's regional income reflects the challenges faced in maintaining financial stability from year to year. Some factors that can influence these fluctuations include changes in overall economic conditions, fiscal policies implemented at both the national and local levels, and unforeseen events such as the COVID-19 pandemic.

Furthermore, seen from table 1, although there was an increase in 2022, regional spending tended to decrease over the previous few years. This indicates that there is a potential problem in regional financial management or that there is a budget adjustment that needs to be considered. There was a budget deficit in 2022 of IDR 51,957,690,091. A budget deficit can be an indication that regional government spending exceeds the income received. Although in general transfer spending has increased every year, in 2020 it decreased by IDR 335,568,183,664.

The importance of the role of regional autonomy in giving authority to local governments to manage resources and finances according to local characteristics and needs. Under regional autonomy, the Langkat Regency Government, for example, is expected to be able to use available resources effectively to achieve regional development and improve community welfare. Financial ratio analysis in the Regional Revenue and Expenditure Budget (APBD) realization report is a crucial instrument in measuring the financial performance of local governments. Financial ratios such as the financial independence ratio, efficiency ratio, and financial health ratio provide a clear picture of how regional finances are managed. The function of financial ratios is not only limited to measuring financial performance, but also helps in better decision making, increasing transparency and accountability, and supporting efforts to improve overall financial performance.

The results of research conducted by The Greatest Showman (2020) related to the financial performance of the Tapanuli Tengah District Government shows that in general the performance is considered good. However, there are several challenges that need to be overcome, including the low Decentralization Degree Ratio. Dependence on the central/provincial government and Regional Original Income (PAD) that does not reach the target. Meanwhile, research conducted by Digdowiseiso et al., (2023) regarding the regional financial performance of the Meranti Islands Regency Government shows different results such as a very low Regional Financial Independence Ratio, an imbalance between capital expenditure and operational expenditure, a drastic decline in regional financial growth in 2019 and a PAD Effectiveness Ratio that does not meet the effective criteria. These two studies provide an

overview that local governments in Indonesia face various challenges in managing their finances.

Based on the background that has been described, the formulation of the research problem is How is the financial performance of the Langkat Regency Government in 2018-2022? The purpose of this study is to determine the financial performance of the Langkat Regency Government in the period 2018-2022 and to analyze financial performance based on the Decentralization Degree Ratio (RDD) indicators, Regional Financial Independence Ratio, Regional Original Income Effectiveness Ratio (PAD) and Expenditure Efficiency Ratio (REB) used in this study.

LITERATURE REVIEW

Stewardship Theory

According to the stewardship theory put forward by Donaldson & Davis (1991), depicts managers or leaders as "stewards" or managers who are responsible for their organizations. Unlike agency theory, which emphasizes the conflict of interest between managers and owners, stewardship theory argues that managers are more likely to act in ways that support the interests of the organization, rather than their own personal interests.

Regional Finance

Based on the Regulation of the Minister of Home Affairs Number 77 of 2020 concerning technical guidelines for regional financial management, it covers two main aspects, namely rights and obligations that can be valued in money and all forms of wealth that can be owned by the region. Based on the description of Debby (2018) as quoted in (Fadillah & Sudiarti, 2023), Regional finance plays an important role in the operation and responsibility of local governments to provide services to the community. Good and transparent regional financial management is the main key to achieving development goals and improving community welfare. By considering all these aspects, local governments can optimize the use of financial resources to support sustainable and inclusive development for their communities.

Regional Government Financial Performance

According to Mardiasmo (2002) as quoted in (Purwanti & Noviyanti, 2022), regional financial performance can be defined as the level of achievement of work results in regional financial management. This performance measurement uses previously established financial indicators. The purpose of measuring regional financial performance is to assess a region's ability to manage its regional finances effectively and efficiently. These indicators can cover various aspects, such as regional income levels, regional spending structures, level of dependence on transfer income, regional debt ratios, and so on. According to The Last Supper (2022), regional financial performance has a very important role because it reflects a region's ability to manage its financial resources for several crucial purposes. First, to meet government needs, which include operational costs, employee salaries, and various other administrative needs. Second, to support regional development, both infrastructure and other development programs needed to improve the quality of life of the community. And third, to provide quality public services to the community. Efficient,

effective, economical, transparent, and accountable regional financial management is highly emphasized in this regard.

Regional Revenue and Expenditure Budget (APBD)

According to the Regulation of the Minister of Home Affairs Number 77 of 2020, the Regional Revenue and Expenditure Budget (APBD) The Regional Revenue and Expenditure Budget (APBD) is an annual financial plan prepared by the regional government based on applicable regional regulations. The APBD plays a very important role in managing regional finances efficiently and effectively. The importance of the Regional Revenue and Expenditure Budget (APBD) is not only limited to regulating regional government finances, but also has a significant impact on local economic rehabilitation and growth. The APBD plays a key role in creating a supportive economic environment at the local level. By allocating funds intelligently and on target, the APBD can help encourage investment, create jobs, economic growth and reduce poverty rates. (Ihalauw et al., 2023).

According to Government Regulation Number 12 of 2019 concerning Regional Financial Management, the APBD (Regional Revenue and Expenditure Budget) is a unit consisting of three main components:

- a. Regional Income is all cash receipts received through the Regional General Cash Account (RKUD) that do not need to be repaid by the region. Regional income consists of Regional Original Income (PAD), transfer income and other legitimate regional income.
- b. Regional Shopping is all expenditures made from RKUD and do not need to be received back by the region. Regional expenditure consists of operational expenditure, capital expenditure, unexpected expenditure and transfer expenditure.
- c. Regional Financing is a financial transaction that includes all receipts that need to be repaid by the region and/or expenditures that will be received back. Regional financing can occur in the relevant budget year or in the following budget year, and includes expenditures to finance the budget deficit or the use of other financial resources.

Analysis of Local Government Financial Ratio

According to Mahmudi (2023) financial ratio analysis is a method used to evaluate the financial health of an entity by comparing the relationship between two or more numbers taken from financial statements. This data helps in interpreting performance developments over time and comparing them with other entities, both similar and dissimilar. In the context of local government, financial ratio analysis is used to assess the efficiency and effectiveness of financial management recorded in the Regional Revenue and Expenditure Budget (APBD).

According to Halim & Kusufi (2021), the results of financial ratio analysis can be used as a benchmark for the following things:

- a. Assessing regional financial independence in financing the implementation of regional autonomy
- b. Measuring effectiveness and efficiency in realizing regional income.
- c. Measuring the extent to which local government activities are in managing regional income.

- d. Assess the contribution of each source of income in forming total regional income.
- e. See the growth and development of income and expenditure within a certain period.

Several ratios used are based on financial data sourced from the APBD, including:

a. Decentralization Degree Ratio

The Decentralization Degree Ratio is an important indicator in measuring how much authority and responsibility is given by the central government to regional governments in implementing regional development. (Maulina & Rhea, 2019). Mahmudi (2023) the high value of the Decentralization Degree Ratio indicates that Regional Original Income (PAD) has a significant contribution to total regional revenue.

This ratio is formulated as follows:

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

Table 2. Criteria for the Ratio of the Degree of Decentralization

Decentralization Degree Ratio (%)	Criteria
0.00 – 10.00	Very less
10.01 – 20.00	Not enough
20.01 – 30.00	Currently
30.01 – 40.00	Enough
40.01 – 50.00	Good
>50.00	Very good

Source: Ministry of Home Affairs No.690.900.327/1996 in (Maulina & Rhea, 2019)

b. Regional Financial Independence Ratio

According to Halim & Kusufi (2021), regional financial independence, or fiscal autonomy, is an indicator that reflects the ability of local governments to finance their own government activities, development, and services to the community without relying too much on external sources such as assistance from the central government, balancing funds, and loans. Regional Original Income (PAD) includes various sources of income such as regional taxes, levies, regional business results, and so on that are generated within the region itself (Mahmudi, 2023). The independence ratio can be calculated using the formula:

$$\begin{aligned} &\text{Regional Financial Independence} \\ &= \frac{\text{Regional Original Income}}{\text{Provincial Transfers} + \text{Central} + \text{Loans}} \times 100\% \end{aligned}$$

Table 3. Relationship Patterns and Levels of Regional Financial Independence

Independence Ratio (&)	Regional Capabilities	Relationship Patterns
0% -25%	Very Low	Instructive
>25% - 50%	Low	Consultative
>50% - 75%	Currently	Participatory
>75% - 100%	Tall	Delegative

Source:Minister of Home Affairs Decree No. 690.900.327/1996 in(Maulina & Rhea, 2019)

The following is an explanation of the pattern of relations between the central and regional governments and the level of independence and regional financial capacity according to Mahsun (2014).as quoted in (Krisniawati, 2021):

- a) Instructive relationship pattern. The role of the central government is very dominant and directs more policies and regional financial management.
 - b) Consultative relationship pattern. Shows that central government intervention has begun to decrease, and regions are considered more capable of implementing regional autonomy.
 - c) Participatory relationship pattern. The role of the central government is decreasing because the level of regional independence is already quite high in implementing regional autonomy.
 - d) Delegative relationship pattern. Central government intervention is no longer there because the regions are considered to be truly independent and capable of implementing regional autonomy affairs.
- c. PAD Effectiveness Ratio

According to Mahmudi (2023), the Regional Original Revenue (PAD) Effectiveness Ratio is a measure that describes how well the regional government collects revenue from planned PAD sources according to the targets set in the budget. This ratio provides an overview of the extent to which the PAD revenues planned in the budget can be achieved by the regional government. This ratio is formulated as follows:

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

Table 4. PAD Effectiveness Ratio Criteria

PAD Effectiveness Value	Criteria
>100%	Very Effective
100%	Effective
90% - 99%	Quite Effective
75% - 89%	Less effective
<75%	Ineffective

Source: (Mahmudi, 2023)

d. Shopping Efficiency Ratio

According to Mahmudi (2023) the Spending Efficiency Ratio is a comparison between spending realization and the spending budget that has been set by the regional government. This ratio is used as an indicator to

assess how efficient the regional government is in managing their budget. By using the spending efficiency ratio, regional governments can evaluate their financial management to ensure that the budget that has been prepared can be used optimally according to the needs and priorities of regional development. This also helps in increasing transparency and accountability in public financial management at the regional level.

The spending efficiency ratio is formulated as follows:

$$\text{Shopping Efficiency Ratio} = \frac{\text{Shopping Realization}}{\text{Budget}} \times 100\%$$

RESEARCH METHODS

This study uses a quantitative descriptive approach, which aims to describe, analyze, and explain the variables studied objectively using numerical data. This approach is appropriate for revealing in-depth information about the financial performance of the Langkat Regency region based on structured and measurable data. The type of data used is quantitative data, which consists of figures that reflect regional financial performance such as income, expenditure, and other financial ratios. This data was obtained from secondary sources, namely the 2018-2022 Langkat Regency Regional Revenue and Expenditure Budget Realization Report, provided by the Langkat Regency Regional Revenue and Asset Management Agency (BPKAD). The use of secondary data allows researchers to access complete and reliable historical data.

The research was conducted over a period of time from March 2023 to completion. The data collection technique used was documentation, where data that was already available in budget report documents was selected, collected, and then further analyzed. The data analysis technique applied was quantitative descriptive, which involved simple statistical calculations such as financial ratios (such as the Degree of Decentralization Ratio, Regional Financial Independence Ratio, PAD Effectiveness Ratio, and Expenditure Efficiency Ratio). This analysis aims to describe accurately and systematically how Langkat Regency managed its finances during the period studied.

RESULTS AND DISCUSSION

Decentralization Degree Ratio

Table 5. Government Decentralization Degree Ratio Langkat Regency 2018-2022

Year	PAD	Total Regional Income	Ratio (%)	Criteria
2018	136,680,578,541	2,226,626,152,513	6.14	Very less
2019	167,523,076,879	2,361,512,739,444	7.09	Very less
2020	168,843,723,199	2,122,684,872,331	7.95	Very less
2021	158,480,919,771	2,266,625,881,854	7	Very less
2022	140,628,891,267	2,213,563,402,095	6.35	Very less
Average			6.9	Very less

Source: LRA Langkat Regency, Processed Data (2024)

Based on the analysis of the data listed in table 5 and the description provided, it can be concluded that the Decentralization Ratio shows a general tendency to increase from year to year, but decreased in 2021 and 2022. This indicates fluctuations in efforts to increase regional financial autonomy. Despite the increase, the decentralization ratio is still relatively low and does not meet the expected standards. The average ratio for the five years was 6.9%, which places it in the "very poor" category according to the criteria used (0-10%). This low ratio reflects that Langkat Regency is still very dependent on assistance and transfers from the central and provincial governments. The contribution of Local Original Income (PAD) to total regional income is still low, indicating challenges in managing finances independently. The low contribution of PAD also shows that Langkat Regency faces difficulties in supporting development and public services effectively, which should be supported by greater internal financial resources. These limitations also indicate that the level of authority and responsibility given to local governments by the central government is not sufficient to support financial independence and effective implementation of decentralization.

Regional Financial Independence Ratio

Table 6. Regional Financial Independence Ratio Langkat Regency 2018-2022

Year	PAD	Central and Provincial Transfers and Loans	Ratio (%)	Relationship Patterns
2018	136,680,578,541	1,806,703,118,972	7.56	Instructive
2019	167,523,076,879	1,868,438,425,165	8.97	Instructive
2020	168,843,723,199	1,623,324,864,132	10.40	Instructive
2021	158,480,919,771	1,994,039,603,483	7.95	Instructive
2022	140,628,891,267	2,035,341,678,524	6.91	Instructive
Average			8.36	Instructive

Source: LRA Langkat Regency, Processed Data (2024)

Based on the analysis of table 6 that has been explained, it can be concluded that Langkat Regency experienced a low level of financial independence during the 2018-2022 period, with an average of 8.36%. This shows that Langkat Regency is still very dependent on funds received from the central and provincial governments to finance the implementation of government, development, and public services. The regional financial independence ratio showed an up and down trend during this period. The peak occurred in 2020, reaching 10.40%, but then experienced a sharp decline to 6.91% in 2022. This fluctuation could be influenced by national policies related to the allocation of fund transfers to regions. The instructive relationship pattern obtained from the analysis shows that Langkat Regency still has a pattern where the central government has a more dominant role compared to the independence of the local government. The range of 0%-25% for the instructive relationship pattern shows that Langkat Regency tends to be more dependent on the central government in financial management and policies. High dependence on external funds, as reflected by the increase in total transfers from the center and provinces over the past 5 years, indicates the need

for efforts to increase local revenue (PAD) independently. These steps include optimizing revenues and more effective resource management to increase regional financial independence.

PAD Effectiveness Ratio

Table 7. PAD Effectiveness Ratio of Langkat Regency 2018-2022

Year	Realization of PAD Receipts	PAD Revenue Target	Ratio (%)	Criteria
2018	136,680,578,541	148,932,567,030	91.77	Effective
2019	167,523,076,879	156,520,657,861	107.03	Very Effective
2020	168,843,723,199	167.120.835.030	101.03	Very Effective
2021	158,480,919,771	168,644,529,430	93.97	Effective
2022	140,628,891,267	127,617,159,600	110.20	Very Effective
Average			100.8	Very Effective

Source: LRA Langkat Regency, Processed Data (2024)

Based on the calculation results from table 7, it can be concluded that the PAD Effectiveness Ratio of Langkat Regency during the 2018-2022 period experienced fluctuations with a general increasing trend, except in 2021 which decreased to 93.97%. However, the average PAD effectiveness ratio for the 5 years was 100.8%, which indicates that Langkat Regency has succeeded in achieving or even exceeding the set revenue target. In 2021, the decrease in the PAD effectiveness ratio was caused by several factors, including the failure to achieve revenue targets from regional levies and revenue from the management of separated regional assets. This was influenced by the impact of the COVID-19 pandemic which affected economic activity and the ability of the community to meet payment obligations. However, the overall PAD effectiveness ratio remains included in the effective or even very effective criteria, because the realization of revenue exceeds 100% of the set target. This shows that the Langkat Regency Government has succeeded in mobilizing regional original revenue (PAD) and is effective in managing regional financial resources. To increase PAD revenue in the future, important steps include optimizing regional tax and levy collection. This involves improving the administration system, increasing taxpayer compliance, and effectively managing economic potentials and other regional resources.

Shopping Efficiency Ratio

Table 8. Government Spending Efficiency Ratio Langkat Regency 2018-2022

Year	Shopping Realization	Budget	Ratio (%)	Information
2018	1,906,579,114,157	2,073,309,076,195	91.95	Efficient
2019	1,881,201,028,726	2,127,606,195,704	88.41	Efficient
2020	1,847,656,678,135	2,102,793,970,440	87.86	Efficient
2021	1,824,620,938,132	1,983,788,651,823	91.97	Efficient
2022	1,922,376,683,372	2,148,052,290,572	89.49	Efficient
Average			89.94	Efficient

Source: LRA Langkat Regency, Processed Data (2024)

Based on the calculation results from table 8, it can be seen that the spending efficiency ratio of the Langkat Regency Government during the 2018-2022 period fluctuated. Specifically, there was a decline in 2019-2020, which was then followed by an increase in 2021 of 91.97%, but fell again in 2022 to 89.49%. Despite the variations, the spending efficiency ratio is always within the efficient criteria. The average spending efficiency ratio of Langkat Regency during the 5 years was 89.94%, which indicates that the district government has made expenditures with good efficiency. This criterion is emphasized because the ratio value is less than 100%, which means that spending is still below or in accordance with the planned budget. It is important to note that despite fluctuations in the spending efficiency ratio, the Langkat Regency government has managed to maintain an adequate level of efficiency during the period. This reflects efforts in good budget management, with a focus on spending control and effective use of resources. By maintaining a good level of spending efficiency, the Langkat Regency Government can continue to optimize budget allocation to support development programs and community services in a sustainable and responsible manner. These steps support the vision of improving the quality of life of the community and building economic and social sustainability in the area.

CONCLUSION

Based on the analysis of the financial performance of the Langkat Regency Government in 2018-2022, the following conclusions can be drawn:

1. The Decentralization Degree Ratio of Langkat Regency Government is in the "very poor" criteria with an average value of 6.9%. This shows that the local government faces challenges in implementing decentralization and improving public services.
2. The Regional Financial Independence Ratio of Langkat Regency shows a "very low" level with an average of 8.36%, and an instructive relationship pattern. This indicates that the local government is still very dependent on funds from the central and provincial governments to finance government activities, development, and services to the community.
3. The PAD Effectiveness Ratio of the Langkat Regency Government is in the "very effective" criteria with an average value of 100.8%. This shows that the local government has succeeded in achieving or exceeding the set local revenue targets, despite facing challenges such as the impact of the pandemic.

The Efficiency Ratio of Langkat Regency Government Expenditure is in the "efficient" category with an average value of 89.94%. This shows that the local government has made expenditures with good efficiency, managing the budget wisely to support development programs and community services.

FURTHER STUDY

This research still has limitations, so it is necessary to conduct research related to the topic of Government Financial Performance Analysis in order to perfect this research and increase insight for readers.

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