



CASH FLOW STATEMENT ANALYSIS OF BINJAI CITY GOVERNMENT'S

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<p>Info Article</p> <p>Received : 01 Maret 2025</p> <p>Revised : 05 April 2025</p> <p>Accepted : 04 Mei 2025</p> <p>Publication : 31 Mei 2025</p>	<p>Abstract: <i>This study aims to analyze the performance of the Binjai city government in managing regional cash in 2023. The research data is quantitative and taken from the official website of the Binjai city government. The analysis method used is the horizontal technique, namely comparative trend analysis. This study analyzes the trends in Binjai City's cash flow reports based on four activities, namely operating activities, investing activities, financing activities, and transitional activities. The results of the analysis show very strong operational performance, marked by an increase in net cash flow from operating activities of nearly 15% from the previous year and a high commitment to infrastructure development, which resulted in an increase in the net cash flow deficit from investing activities of nearly 20%. In terms of financing, the analysis results show a conservative fiscal policy, as evidenced by an increase in the net cash flow deficit from financing activities of 6.51% from the previous year for debt repayment. Therefore, the total net cash flow in 2023 is in deficit and has decreased by around 177% from the previous year. This is a challenge for the Binjai city government.</i></p>
<p>Keywords: Cash Flow, Binjai City Government, Trend Analysis, Financial Performance, Regional Cash Management.</p> <p>Kata Kunci: Arus Kas, Pemerintah Kota Binjai, Analisis Tren, Kinerja Keuangan, Pengelolaan Kas Daerah</p>	<p>Abstrak: Penelitian ini bertujuan untuk menganalisis kinerja Pemerintah Kota Binjai dalam mengelola kas daerah pada tahun 2023. Data penelitian bersifat kuantitatif dan diperoleh dari situs resmi Pemerintah Kota Binjai. Metode analisis yang digunakan adalah teknik horizontal, yaitu analisis tren komparatif. Penelitian ini menganalisis tren laporan arus kas Pemerintah Kota Binjai berdasarkan empat aktivitas, yaitu aktivitas operasi, aktivitas investasi, aktivitas pembiayaan, dan aktivitas transitoris. Hasil analisis menunjukkan kinerja operasional yang sangat kuat, ditandai dengan peningkatan arus kas bersih dari aktivitas operasi hampir 15% dibandingkan tahun sebelumnya, serta komitmen tinggi terhadap pembangunan infrastruktur yang menyebabkan peningkatan defisit arus kas bersih dari aktivitas investasi hampir 20%. Dari sisi pembiayaan, hasil analisis menunjukkan kebijakan fiskal yang konservatif, yang ditunjukkan oleh peningkatan defisit arus kas bersih dari aktivitas pembiayaan sebesar 6,51% dibandingkan tahun sebelumnya untuk pelunasan utang. Oleh karena itu, total arus kas bersih pada tahun 2023 mengalami defisit dan menurun sekitar 177% dibandingkan tahun sebelumnya. Kondisi ini menjadi tantangan bagi Pemerintah Kota Binjai.</p>
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INTRODUCTION

In Indonesia, local governments are one of the public entities that manage state finances and are therefore responsible for presenting transparent and accountable financial reports. One important part of financial reports is cash flow statements. Cash flow statements are government financial reports that present information on government cash receipts and expenditures during an accounting period, classified by type of activity. Cash flow statements are used as accountability for state cash management and decision-making for state cash management in the following year.

The city of Binjai is a national strategic area because it is connected to Sumatra. Binjai is also a city that excels in the provision of transportation and food. Therefore, the Binjai city government is responsible for managing regional cash effectively amid the demands for public services and transportation infrastructure. The performance of the local government in managing regional cash cannot only be assessed from the budget surplus or deficit, but an in-depth analysis of the cash flow statement is important to evaluate the effectiveness of cash management and liquidity of the Binjai city government. Therefore, this study aims to analyze the financial statements of the Binjai city government in depth.

LITERATURE REVIEW

Cash Flow Statement

According to Fahmi, I. (2012), a cash flow statement is a report that describes the inflow and outflow of cash used by a company, whether from operating, investing, or financing activities, as a basis for management decision-making. Meanwhile, according to Harahap, S. S. (2011). the cash flow statement is a report that shows changes in a company's cash position, explaining the sources of cash receipts and cash usage in a certain period. Thus, it can be concluded that the cash flow statement is a financial report that shows a company's cash inflows and outflows in a certain period, whether from operating, investing, or financing activities. This report helps explain where cash is obtained and how it is used, making it useful for assessing a company's financial condition.

Cash Flow Statements in Government

In the government sector, the preparation of cash flow statements has a clear legal basis. Government Regulation No. 71 of 2010 concerning Government Accounting

Standards (SAP) stipulates that cash flow statements are one of the components of government financial statements that must be prepared. Appendix I of the Government Regulation explains that cash flow statements must present information on cash receipts and disbursements during a certain period, classified according to operating, investing, financing, and transitional activities.

In addition, Law No. 17 of 2003 on State Finances also emphasizes the importance of transparent and accountable financial management. The articles in this law mandate that every government entity is required to prepare financial statements, including cash flow statements, as a form of accountability for the implementation of the State Budget (APBN) and Regional Budget (APBD). This is in line with the mandate of Law Number 1 of 2004 concerning State Treasury, which stipulates that government financial statements must reflect the financial position, budget realization, and cash flow.

Furthermore, Minister of Finance Regulation (PMK) Number 222/PMK.05/2016 concerning the Central Government Accounting and Financial Reporting System provides technical guidelines on the preparation of cash flow statements. The regulation explains that government cash flow statements are used to present information on cash inflows and outflows during the reporting period, so that they can be used as a basis for decision-making and evaluating government financial performance.

With this legal basis, cash flow statements in government are not only a form of financial information presentation, but also a normative obligation that must be fulfilled by every government entity to achieve transparency, accountability, and good governance in state financial management.

Cash Flow Statement Entities

Within the scope of government, reporting entities are units that have the obligation to prepare and present financial statements, one of which is a cash flow statement. According to Government Regulation Number 71 of 2010 concerning Government Accounting Standards, local governments are regarded as accounting entities as well as reporting entities that must account for all their financial transactions. Cash flow statements prepared by local governments serve to provide an overview of cash receipts and how the cash was used during the reporting period.

Local governments as reporting entities include provincial, regency, and city governments along with all regional work units (SKPD). All of them are required to prepare financial reports, which are then consolidated into local government financial

reports. Cash flow reports at the local level serve not only as a form of accountability to the public, but also as an evaluation tool in assessing the effectiveness of APBD management.

In addition, Law Number 23 of 2014 concerning Regional Government emphasizes that regional heads are responsible for regional financial management and are required to submit accountability reports, including cash flow statements, to the Regional People's Representative Council (DPRD) and the public. This shows that reporting entities at the local government level are not only administrative in nature but also have a strategic function in supporting transparency and good public financial management.

Cash Flow Statement Accounts

In preparing cash flow statements, there are several accounts that serve as the main sources of information. Based on Government Regulation No. 71 of 2010 concerning Government Accounting Standards, cash flows are classified into three activities, namely operations, investments, and financing. The grouping of accounts in cash flow reports is not only intended to provide an overview of cash inflows and outflows, but also to show the pattern of regional financial management in a more transparent and structured manner.

Operating activities include accounts directly related to the government's main activities, such as local tax revenue, levies, transfer funds from the central government, and local operational expenditures. Investment activities include cash receipts and expenditures related to fixed assets, infrastructure development, and long-term investments by local governments, such as the sale of fixed assets and the disbursement of reserve funds.

Funding activities relate to the granting or repayment of long-term debt and long-term loans, such as accounts receivable from regional loans, issuance of regional bonds, and expenditures for debt principal payments. Transitory activities are temporary cash accounts that are not included in the main activities, such as cash receipts from deposits or third-party deposits that must be immediately disbursed.

Methods of Preparing Cash Flow Statements

This method works by receiving all cash receipts and disbursements in detail and directly from operating, investing, and financing activities. This method works by taking net income from the income statement and then adding back non-cash expenses such as depreciation and amortization and adjusting for changes in current assets and liabilities.

METHOD

Research method

This study uses a quantitative descriptive approach. The descriptive approach was chosen to describe the cash flow statement systematically. The quantitative approach was chosen to focus on the figures in the cash flow statement for greater accuracy.

Data sources

This study uses secondary data, namely the 2022 and 2023 cash flow statements of the Binjai city government as the object of research. The secondary data was downloaded from the official website of the Binjai city government and has been verified for accuracy.

Data analysis techniques

The data analysis technique used is horizontal analysis or trend analysis. This study uses the 2022 cash flow statement of the Binjai city government as the basis for the study and the 2023 cash flow statement of the Binjai city government as the object of the study. This study analyzes the growth of cash flow from each component of cash flow, namely operating activities, investing activities, financing activities, and transitional activities.

RESULTS AND DISCUSSION

Results

Economic profile of Binjai city

Binjai's economy is dominated by the tertiary sector, particularly wholesale and retail trade, making it a vital commercial and distribution center as a buffer and transit city in North Sumatra. Another significant contribution comes from the construction sector, reflecting the high level of infrastructure and property development activity to support urbanization growth. The Manufacturing Industry, especially those related to local agricultural commodities such as Binjai Rambutan, also contributes to the GRDP. Overall, economic growth is highly dependent on its connectivity, with the Transportation and Logistics sectors playing a key role in facilitating the flow of goods and services. Infrastructure development is important for the sustainability of effective management of regional cash and its transparent and accountable presentation are important.

Analysis of Cash Flow Statement Preparation Methods

The Binjai City government's cash flow statement is prepared using the direct method. The preparation of the Binjai city government's cash flow statement using the

direct method aims for transparency and clarity in the presentation of information regarding the cash flow statement.

Cash Flow Statement Trend Analysis

This study analyzes the cash flow statement of the Binjai city government by separating the cash flow statement based on its activities, namely operating activities, investing activities, financing activities, and transitional activities. The following is a trend analysis of each activity:

Operating activities trend analysis

The following is a table of cash flow statements from operating activities:

DESCRIPTION	2023	2022
CASH INFLOWS FROM OPERATING ACTIVITIES		
Regional Tax Receipts	72.523.266.925,24	63.712.081.831,00
Regional Retribution Receipts	5.336.495.784,00	5.562.488.514,00
Receipts from Regional Asset Management	3.841.838.090,00	3.903.872.327,00
Other Legitimate Local Own-Source Revenues	31.418.017.681,27	34.583.917.092,53
Central Government Transfer Revenues – LRA	729.083.455.571,00	707.155.816.870,00
Other Regional Government Transfer Revenues	65.193.216.906,22	47.980.713.294,00
Grant Revenues – LRA		12.564.674.000,00
Other Receipts and Revenues	11.531.523.782,00	8.793.103.063,00
Regional Incentive Fund – LRA		9.792.420.000,00
Total Cash Inflows from Operating Activities	919.227.814.703,73	893.939.087.091,53
Total Cash Inflows from Operating Activities		
Employee Expenditures	456.750.690.078,00	451.497.920.306,00
Goods and Services Expenditures	299.065.018.749,00	307.871.561.952,00
Grant Expenditures	35.086.368.519,00	22.512.305.479,00
Unexpected (Contingency) Expenditures	0	301.799.994,00
Total Cash Outflows from Operating Activities	790.902.077.346,00	782.183.587.731,00
NET CASH FLOWS FROM OPERATING ACTIVITIES	128.325.737.357,73	111.755.499.360,53

The table above shows an increase in cash inflows from operating activities of around 2.82% from 2022 to 2023, which was dominated by revenue from regional financial management and central government transfers. Meanwhile, cash outflows from operating activities only increased by around 1.11% from 2022 to 2023, which was dominated by employee expenditures and goods and services expenditures. Thus, net cash flow from operating activities increased significantly by around 14.82% from 2022 to 2023.

This analysis shows that the Binjai city government succeeded in significantly increasing net cash flow from 2022 to 2023 and controlling operational expenditures well. However, the table also shows that the Binjai city government's cash is still

dependent on central government transfer receipts. In addition, the table shows a decline in local revenue performance.

Analysis of investment activity trends

The following is a table of cash flow reports from investment activities:

DESCRIPTION	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Inflows	0,00	0,00
Total Cash Inflows from Investing Activities		
CASH OUTFLOWS FROM INVESTING ACTIVITIES	0,00	6.755.279.900,00
Capital Expenditure on Land	41.379.094.769,00	55.947.012.725,00
Capital Expenditure on Equipment & Machinery	44.063.366.649,00	16.867.150.341,00
Capital Expenditure on Buildings & Structures	37.719.486.927,38	23.064.643.821,00
Capital Expenditure on Roads, Irrigation, & Networks	5.537.026.491,00	5.072.087.235,00
Capital Expenditure on Other Fixed Assets	222.018,00	0,00
Capital Expenditure on Other Assets	128.940.992.876,38	107.706.173.122,00
Total Cash Outflows from Investing Activities	(128.940.992.876,38)	(107.706.173.122,00)

The table above shows cash inflows from investment activities of Rp.0.00 in 2022 and 2023. This is very reasonable and expected by local governments that are in the development stage because it shows that there are no sales of fixed assets and investment liquidations. Meanwhile, cash outflows show a significant increase of around 19.72% because the Binjai city government used cash for the procurement of equipment and the construction of large infrastructure projects. This shows that the Binjai city government is committed to developing the city. Thus, the net cash flow from investing activities is negative (deficit) by approximately 19.72% from 2022 to 2023.

Analysis of funding activity trends

The following is a table of cash flow statements from financing activities:

DESCRIPTION	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Total Cash Inflows from Financing Activities	0,00	0,00
Total Cash Outflows from Financing Activities		
Equity Participation/Investment of Regional Government	1.344.643.332,00	1.438.268.752,00
Net Cash Flows from Financing Activities	1.344.643.332,00	1.438.268.752,00
ARUS KAS DARI AKTIVITAS TRANSITORIS	(1.344.643.332,00)	(1.438.268.752,00)

The table above shows that the amount of cash flow from financing activities was Rp. 0.00 in 2022 and 2023. This indicates that the Binjai city government is fiscally independent by not taking out long-term loans. Meanwhile, the amount of cash outflow in the year decreased by around 6.51% from 2022. This shows that the Binjai city government's debt payments decreased in 2023 from 2022 but also shows that the Binjai city government is consistent in its debt payments. Thus, the net cash flow from financing activities is in deficit and decreased by approximately 6.51% in 2023 from 2022.

Analysis of Transitory Activity Trends

The following is a table of cash flow reports from transitory activities:

DESCRIPTION	2023	2022
CASH FLOWS FROM TRANSITORY ACTIVITIES		
Receipts of Third-Party Account Settlements (PFK)	71.167.131.903,10	60.967.149.108,57
<i>Correction of Prior-Year Bookkeeping Errors</i>	(92.682.436,23)	(4.229.527,05)
Outstanding Advances from the Previous Fiscal Year (UYHD)		
Total Cash Inflows from Transitory Activities	71.074.449.466,87	60.962.919.581,52
CASH OUTFLOWS FROM TRANSITORY ACTIVITIES		
<i>Payments of Third-Party Account Settlements (PFK)</i>	71.167.131.903,10	60.967.149.108,57
Total Cash Outflows from Transitory Activities	71.167.131.903,10	60.967.149.108,57
<i>Net Cash Flows from Transitory Activities</i>	(92.682.436,23)	(4.229.527,05)

The table above shows that cash inflows from transitory activities increased by approximately 16.59% in 2023 from 2022, and cash outflows from transitory activities increased by approximately 16.73% in 2023 from 2022. Thus, net cash flow from transitory activities is in deficit and has increased by 2,091.77% or more than 20 times from 2022. This shows that the treasurer's function in collecting and depositing cash back to third parties is effective, as indicated by the almost balanced transaction volume in 2022 and 2023.

Trend analysis of all activities

The following is a table of cash flow statements from all activities:

DESCRIPTION	2023	2022
Net Cash Flows from Operating Activities	128.325.737.357,73	111.755.499.360,53
Net Cash Flows from Investing Activities	(128.940.992.876,38)	(107.706.173.122,00)
<i>Net Cash Flows from Financing Activities</i>	(1.344.643.332,00)	(1.438.268.752,00)
<i>Net Cash Flows from Transitory Activities</i>	(92.682.436,23)	(4.229.527,05)
Total Net Cash Flows	-2.052.581.288,88	2.606.827.959,48

The table above shows that the net cash flow in 2022 was a surplus of Rp.2,606,827,959.48, while the net cash flow in 2023 was a deficit of Rp.2,052,581,288.88. It can be concluded that the total net cash flow of the Binjai city government in 2023 will decrease by around 177%. This is because the Binjai city government has increased investment spending on infrastructure development for the community. The table above also shows that the debt status of the Binjai city government is in good condition because the Binjai city government paid off its debts and did not add to its debt. However, the regional cash deficit that occurred in 2023 will have an impact in the following years.

CONCLUSION

The overall results of the analysis of the Binjai city government's cash flow report show that the Binjai city government has very strong operational liquidity, a high commitment to development, and responsible debt management. However, there are several challenges that the Binjai city government must face, namely high fiscal dependence, a decline in the initial cash balance, and inconsistent presentation of cash flow reports.

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